S. HRG. 102-98, PT. 2

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

H.R. 2521

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1992, AND FOR OTHER PURPOSES

PART 2 (Pages 431–848)

Health care issues
Manpower and personnel issues
Pacific rim issues
SSN-21 Seawolf Program
Total force policy

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, MARCH 14, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:12 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Sasser, Lautenberg, Stevens, Garn, Kasten, D'Amato, Specter, and Domenici.

DEPARTMENT OF DEFENSE

OFFICE OF THE ASSISTANT SECRETARY FOR FORCE MANAGEMENT AND PERSONNEL

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT AND PERSONNEL)

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. The subcommittee will please come to order. This morning we are holding a hearing on manpower and personnel issues and on the Department of Defense's health care assistance.

We have all been through an extraordinary experience—Operations Desert Shield and Desert Storm. It has been part of our lives since August 1990, when we embarked on an endeavor overwhelming in its implications and frightening in its possibilities. There are many lessons we can learn from Operation Desert Shield/Desert Storm, and I am certain that military planners at the Pentagon are burning the midnight oil to extract those lessons and put them to good future use.

Military planning appeared to be flawless. Execution of that planning was awe inspiring. The leadership was exemplary. Our sophisticated weapons performed magnificently. And the outcome was even more than we had hoped and prayed for. With all of our discussions of the planning, with our fascination for the performance of our weaponry and our pride in the execution of the battle, however, we must never forget that it was the brave and gallant men and women of our military services who made the outcome possible.

They were the ones who confronted their own fears, overcame them, and did far more than they were asked to do. Some of them paid for victory very dearly indeed, some with the injuries of battle and some with their lives, and there are some whose fates we do not yet know. We must always remember all of them with gratitude and affection.

As I have seen on television the celebrations of joy greeting our military personnel returning from the gulf, I am sadly reminded of the rather shameful treatment many of our veterans of Vietnam received when they too returned from battle. I would like to think that some of the celebrations and joy are also at least symbolically intended for them, and I believe they are.

I am certain you will share my feeling that it is somehow both ironic and disturbing that as soldiers, sailors, airmen, and marines return from their trial by ordeal in the desert we have already embarked on a venture to drastically reduce the size of our armed services. I speak only for myself when I say this, but I feel that it would be disgraceful to welcome these members of an all-volunteer force home and then hand them a pink slip—well done, welcome home, and goodbye.

So I am very hopeful that the DOD has planning in place to reduce the size of our military with as little disruption and pain to the individual members as possible.

We must also be concerned with the quality of life of those members who will remain in the military services, and for their families, and for retirees who have served in earlier years. I believe this subcommittee has a good track record in doing our best to contribute toward programs which will afford a better quality of life for those members, including health care services. So we look forward to exploring the issues of health care later in this hearing.

Our first witness this morning will be the Honorable Christopher Jehn, Assistant Secretary of Defense for Force Management and Personnel. At the conclusion of the Secretary's statement and after subcommittee members have had an opportunity to ask him any questions they wish, we will call upon the four personnel chiefs to join the Secretary at the table to present their testimony and to respond to questions.

Before I call upon you, Mr. Secretary, may I call upon my vice chairman,

Senator Stevens.

REMARKS OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman. Gentlemen, good morning. I regret that I will have to leave this hearing very quickly because of a conflict in the hearing schedule this morning. But I leave with the full knowledge that the chairman and I are completely in accord concerning the matters he has just mentioned, in particular the problem of trying to make sure that this reduction in force has the least disruption possible for those who want to pursue their career.

I am hopeful that you are going to find a way to take into account the desires of those who want to terminate and allow those who want to continue to find some way to do that. I think that is the key right now, to continue the volunteer concept to the utmost and make certain that we do find a way to retain those who want to make a career and continue their career in our defense services.

I join the chairman in commending all of you, and I want you to know that I think—and this is why I regret that I must leave today—you really represent the key to the future of the military now and the policies that you devise and implement with regard to this mandated reduction in force—a reduction, incidentally, that the chairman and I oppose, whether you know it or not. But it is one of those things that we must carry out the law, as you must, and we are hopeful that you will call upon us if there are any fine-tuning amendments that would be required as far as these existing laws are concerned in terms of the reduction in force that is going to be required to meet budget objectives.

Thank you, Mr. Chairman.

Senator **INOUYE**. You have just made my statement also.

Senator Garn?

Senator **GARN**. I have no statement, Mr. Chairman.

Senator **INOUYE**. Thank you.

Mr. Secretary, the document that we are considering this morning is a product of a process that began about 1½ or 2 years ago. At the time we began this process I do not suppose anyone anticipated Desert Storm.

When Desert Storm came upon us, decisions had to be made which obviously would somehow detract us from the path we were following to come to that fateful 1995. Keeping that in mind, I know that from all the service chiefs and the secretaries that at best it will be difficult, in some cases almost impossible, to meet the end strength of 1991. That being the case, the end strength of 1992 will be in a shambles.

Do you have any ideas of how we can help you, as Senator Stevens indicated, on making the cuts less precipitous? For example, I have suggested to some of the services if at all possible we should consider postponing the implementation of this plan for 1 year. What do you say, Mr. Secretary?

SUMMARY OF STATEMENT

Mr. **JEHN**. Thank you. First, Mr. Chairman, thank you for giving me the opportunity to come and talk to you about these issues, and those questions you have posed are exactly the ones I am prepared and welcome the opportunity to talk about here today.

I have a lengthy statement for the record that I would like to submit, if you would please do so, and rather than try and summarize it or read it at all let me just make a couple of remarks to start off with here that largely get to the important questions you and Senator Stevens raised.

As I appear before you today to discuss our budget proposal, a budget, you are quite right, that we began to put together over a year ago in some respects, there are really two important factors that make this budget and these deliberations we will be engaged in over the next few months concerning the 1992 budget different from the situation in prior years.

First, of course, and the thing most on our minds is the gulf war, and you mentioned that. But perhaps even more important for the long-term security posture of the United States, this fiscal year 1992–93 budget that we have submitted reflects a major and significant change in defense strategy. So let me briefly touch on both of those and then I will be more than happy to try to address any questions you might have.

MILITARY PERSONNEL AND LEADERSHIP LAUDED

First, concerning the Persian Gulf war, we really cannot talk about it without noting, as you did, that it was enormously successful and that is, I think, first and foremost a credit to the military personnel and their leadership in Saudi Arabia that made it happen. But I think credit also is due to those who made it possible. I am thinking about our predecessors in the Department of Defense—Mr. Reagan, Mr. Weinberger, Mr. Carlucci, and all of the predecessors I personally had.

But I think it is also important to recognize that over the last 10 years the Department has enjoyed considerable and very important congressional support as well, particularly from this subcommittee. I do not think without that support and without the important work of all those who have gone before us we would have been ready to do what we did the last 6 or 8 months. I do not think for instance, we could have done it 10 or 12 years ago—not the way it was done just these last 6 months.

Now many lessons are going to be drawn from all this, but the lesson I draw is one concerning the wisdom. I think this is all testimony to the wisdom of our move to an all-volunteer force, and that success of the all-volunteer force to me emphasizes the continuing importance of maintaining compensation, quality of life for our people so that we can continue to attract and retain the people we need to. These are both fundamentally readiness issues, not personnel issues, that if we are to have a ready and capable force, we need to keep our eye on those things.

RESHAPING AND REDUCING THE FORCE

But, as you pointed out, now the war is over and we have to get back to restructuring and reducing the size of the Department. The gulf war has created some uncertainty regarding the progress of that reduction and restructuring. In particular, we still do not know the pace of the redeployment and demobilization, and of course we still do not know the details or even the outline in many respects of the postwar political and security arrangements.

But there are some things we do know that come directly to the questions you asked me. Our drawdown has been delayed, as you have correctly noted. But we are getting back on track. We surely cannot meet the 1991 end strength numbers, although the extent to which we cannot remains to be seen. It depends, as I said, on the pace of the redeployment and demobilization to a large extent. But we do know we can be back on track by midyear 1992, fiscal year 1992, at the latest. The uncertainty again comes back to the way the redeployment and demobilization unfolds.

We believe we can indeed make the end strength numbers that we proposed in our budget for fiscal year 1992. In short, the gulf war has not in any way affected the viability of that budget submission, the President's budget for fiscal year 1992.

So let me quickly touch on the budget itself and then close. As I said a moment or two ago, the most notable thing about that budget is it is the first budget to reflect our new defense strategy—the strategy that recognizes we no longer face the threat of global war with the Soviets or a short-warning invasion of Europe. But we still need to be prepared, as recent events have testified, for major regional contingencies. Based on these new realities, we proposed a new force structure which has a smaller overall size and we proposed continuing to further streamline the infrastructure of the Department and continue to improve the management of the Department.

But, despite those changes, our budget continues the emphasis on readiness, an emphasis that paid off, I think, in the last 6 months' events in the Persian Gulf, and we continue, of course, support for pay and other elements of compensation for our people. For example, the budget contains a 4.2-percent and a 4.7-percent pay raise in 1992 and 1993 respectively. We have over $1.6 billion in some quality of life items.

So I would simply close, sir, with soliciting your support and the support of your subcommittee for these important items and other elements of our budget. I would now be pleased to try to answer any questions that you may have.

[The statement follows:]

STATEMENT OF CHRISTOPHER JEHN

Mister Chairman and members of the subcommittee, I am pleased to testify before you today on the manpower program of the Department of Defense. I am especially proud to represent the Department at a time when the overwhelming success of Operation Desert Storm has demonstrated the high quality and dedication of the men and women serving in our Armed Forces.

As the Secretary of Defense said in his annual report, "As this report is prepared, the Defense Department is engaged in two formidable tasks: one in response to an immediate crisis and one in response to longer-term changes in the strategic environment." While all elements of our total force have been immersed in the combat operations in the Persian Gulf, we have been formulating a strategy to reduce and reshape American military forces for the post-Cold War era.

The changes that have taken place in the Soviet Union and Eastern Europe have led us to reassess our national military strategy of the past four decades. The disintegration of the Warsaw Pact, the reunification of Germany, the withdrawal of Soviet forces from Eastern Europe, and the anticipated implementation of the Conventional Armed Forces in Europe Treaty, if ratified, mean that a long period of visible Soviet preparations would probably precede a Europe-centered global war. This allows a new focus for U.S. security strategy and permits us to reduce force levels without jeopardizing our safety or that of our allies. Changing world dynamics also permit a decrease in U.S. forward presence, particularly in Europe.

We can now reshape and substantially reduce our military forces. However, the forces that remain must provide 1) an appropriate rotation base for forward presence, 2) versatile and ready conventional forces for crisis response and regional conflict, 3) a capability for reconstituting larger forces for global war, and 4) offensive and defensive nuclear strategic deterrence for the nation and its allies. In the future, we will give priority to preserving a mix of forces that best meets these requirements.

Desert Storm has, of course, complicated our planning for this new strategy, and we may have to adjust our FYs 1992 and 1993 request in its aftermath. We are also keeping a close eye on developments in the Soviet Union and need to keep our options open if our assumptions about a decreasing threat change. We hope you will support us in maintaining the flexibility a complicated world situation will require during the coming year.

My statement today describes our current manpower request and programs and outlines the effects Operation Desert Storm has had on both.

FYs 1992-1993 Manpower Request: Reshaping and Reducing the Force

The following table shows the President's budget request for active military, Selected Reserve, and civilian manpower for FYs 1992 and 1993, current FY 1991 numbers, and actual numbers from FY 1990.

Table 1
(End Strengths in Thousands)

Active Component Military Strength

Component	FY 90	FY 91	FY 92	FY 93	Change(90-93)
Army					
Active	732.4	702.2	660.2	618.2	-114.2
SELRES*	18.2				
Navy					
Active	579.4	569.7	551.4	536.0	-43.4
SELRES*	3.4				
Marine Corps	196.7	193.7	188.0	182.2	-14.5
Air Force					
Active	535.2	508.6	486.8	458.1	-77.1
SELRES*	4.0				
Total					
Active	2043.7	1974.2	1886.4	1794.5	-249.2
SELRES*	25.7				

Selected Reserve Military Strength

Component	FY 90	FY 91	FY 92	FY 93	Change(90-93)
Army National Gd	444.3	457.3	410.9	366.3	-78.0
SELRES*	(7.3)				
Army Reserve	310.0	318.7	282.7	254.5	-55.5
SELRES*	(10.9)				
Naval Reserve	152.8	153.4	134.6	127.1	-25.7
SELRES*	(3.4)				
Marine Reserve	44.5	43.9	40.9	38.9	-5.6
Air National Gd	117.8	117.0	118.1	119.4	+1.6
SELRES*	(0.8)				
Air Force Reserve	83.8	85.6	81.2	82.4	-1.4
SELRES*	(3.2)				
Total	1153.2	1175.9	1068.4	988.6	-164.6
SELRES*	(25.7)				

Civilian Manpower

Component	FY 90	FY 91	FY 92	FY 93	Change(90-93)
Army	380.4	363.1	329.3	314.7	-65.7
Navy	320.5	309.7	292.4	285.3	-35.2
Marine Corps	20.5	20.2	18.9	18.5	-2.0
Air Force	248.9	239.0	222.9	220.6	-28.3
Defense Agencies	102.5	119.7	139.4	136.5	+34.0
Total	1072.8	1051.7	1002.9	975.7	-97.1

*SELRES called to active duty under Title 10, U.S.C., Section 673b in support of Operation DESERT SHIELD as of September 30, 1990.

Our FYs 1992-1993 military manpower request begins a transition from a Cold War posture, primarily oriented on the Soviet Union, to a more versatile posture shaped to meet the requirements of the 1990s and beyond. By FY 1996 both active duty and reserve military end strength will be about 20 percent lower than in FY 1990.

Our objectives while we make this reduction are to maintain a balance between mission and readiness requirements and personnel considerations, while remaining sensitive to fiscal constraints and the impact our decisions today will have on the future force. We plan to reduce the number of recruits to the level we need to sustain our new force level. Much of our strength reduction will be achieved by reducing the number of people we recruit. However, too large a reduction in new personnel would result in long-term readiness risks and stagnation for those in our career force, so we will have to be careful in making these reductions. We will use existing strength management policies, whenever possible, to reduce our personnel inventories to the level required to sustain our new force level. For enlisted personnel, tighter reenlistment and high year of tenure policies will reduce the inventory while improving quality. For officers, continuation boards, promotion policies, and selective early retirements will produce similar results. We want to protect our military members who are near retirement; whenever possible, qualified members who have completed 15 or more years of service will be protected until retirement. Finally, we will rely on reduction-in-force policies as a last resort.

We are committed to making sure that, at the end of the transition period, a satisfactory balance exists between the grades and skills of those serving and the grades and skills required to man the force structure effectively. To ensure this result, needed changes in officer management authorities were provided in the FY 1991 Defense Authorization Act. Statutory restrictions that inhibited effective reductions in the size of the officer work force were eliminated; and, as a result, we now have more flexibility in the area of voluntary and involuntary retirement or discharge of commissioned officers.

The request for active military end strength for FYs 1992 and 1993 reflects a total reduction of 249,200 from FY 1990 actual end strength levels. This significant reduction will be achieved by a number of force structure cuts and implementation of approved base closures and realignments and a myriad of Defense Management Review initiatives.

Desert Storm, however, has made our end strength estimates fragile. It is already clear that we will be unable to meet FY 1991 end strength requirements and will probably need some legislative relief beyond that provided in the FY 1991 Authorization Act. The primary reason for this is the implementation of Stop Loss authorities allowed by title 10, United States Code. In August, the President authorized the Secretary of Defense to implement the Stop Loss program. This program allows the Services to retain all members who are participating in, are in direct support of, or possess critical skills associated with Operation Desert Storm. To date, all Services have implemented some level of Stop Loss; as of mid-February, about 21,750 members had been affected by this program. To minimize potential overages, the Services are recruiting for lower future strength levels and, in some cases, continuing to require early retirements. At the same time, however, the Army, because of Desert Storm, has postponed plans for an officer reduction-in-force and selective early retirements. As a result, they will end the year no less than 15,000 over planned end strength with over 6,000 of that being officers. We are currently working with all the Services to determine exactly how much end strength relief we will need in FY 1991 and will provide that information to the Congress as soon as it is available.

Our civilian estimates for FYs 1992 and FY 1993 reflect reductions resulting from a smaller military force structure and management improvements. During FY 1990 total civilian employment in military functions declined by 44,000, and we anticipate another 97,000 reduction from the FY 1990 level by the end of FY 1993. In order to prepare for additional reductions and to avoid potential reductions-in-force and furloughs, we have extended the hiring freeze imposed in January 1990 into the second quarter of FY 1991. We have modified this freeze since its inception by providing exceptions to ensure that our employment levels comply with legislated floors and to meet critical needs, such as medical and other support for Desert Storm.

The FY 1991 Defense Authorization Act requires us to submit a civilian employment master plan for industrially funded activities and to notify Congress each time we deviate from the master plan. In addition, we must identify and justify planned involuntary separations or furloughs at those activities. We, of course, plan to use strategies other than furloughs or involuntary separations whenever possible to achieve a smaller, more flexible work force and want to work with you to ensure that we satisfy the intent of Congress without such extensive reporting. We also request your support for flexibility in workload execution--including freedom from legislated personnel ceilings and floors--and for avoidance of non-programmatic reductions to the work force. Finally, while we are fully committed to achieving appropriate reductions in the costs of foreign national civilian employment at overseas military installations, such reductions--particularly those that involve country to country negotiations--will take time. We ask that you not impose any arbitrary reductions in the funds available for foreign national compensation.

As we plan for reductions in our manpower levels, we realize that some of our decisions may have a profound effect at the community level. To assist affected communities, the Department has conducted an Economic Adjustment Program since 1961. The FY 1991 Defense Authorization Act strengthened this program and continued the authorization for grant assistance to communities unable to fund completely the planning activities required to adjust to the sometimes abrupt impacts caused by Defense program changes. In some communities, the Desert Storm deployments have caused severe business losses. Our Office of Economic Adjustment has been helping those communities set up task forces to tackle this problem. We have also underwritten detailed economic surveys and analyses to help the communities develop targeted responses to the cutbacks.

Before leaving the subject of our manpower request, I would like to note that it reflects our efforts to improve the performance of our personnel and reduce cost. These efforts include development of quality and productivity self-assessment guides, work force motivation techniques such as gain sharing and recognition through group and individual awards, productivity enhancing capital investments, awareness through education and training, and various statistical and analytical processes. As the Department reshapes its forces, these quality and productivity initiatives will be tailored to support organizational change, application of new technology, and a smaller, more flexible work force.

Force Management: The Total Force

I closed my overview statement last year by saying that we would be spending a great deal of time in 1990 answering these questions: What should we expect our military forces to be able to do, and how shall we use the elements of the Total Force to do it? I was right, but in ways I could not foresee.

When I originally made this prediction, I was thinking primarily of the work we were doing in conjunction with the Total Force Policy study. I will not revisit the findings of that study in this statement but will say that our work on it has helped us reevaluate old assumptions and consider new ideas for enhancing active and reserve component integration in a fiscally constrained environment. However, the most graphic lessons for Total Force Policy have been provided by Operation Desert Storm, where all the components of the total force have made significant contributions.

Reservists and National Guardsmen have been essential to the success of Desert Storm. As we said in the Total Force Policy Report, "the prompt integration of active, National Guard, and reserve forces into a formidable 'Desert Shield' is eloquent testimony to the capability of the reserve forces generally, to the often unique skills and experience they bring to the Total Force, and to the progress that has been made in recent years in implementing the Total Force Policy." The President's authority to call upon the nation's reserve forces--under Sections 673 and 673b of title 10 of the United States Code--has worked well in filling our manpower needs in a crisis, as has the recall of selected retirees. Desert Storm has demonstrated the importance of having active duty and reserve forces that are able to deploy rapidly and stay deployed for a considerable period. In the future, any composition of our force that detracts from readiness and deployability should be eliminated from the equation.

Civilians, too, provided critical support to Desert Storm. Civilian technicians and engineers have performed maintenance on aircraft, missiles, radars, tanks, and helicopters at regional locations, just as they do in the United States.

Host nation support, another component of the Total Force, has also been essential to sustaining a U.S. presence in the Persian Gulf. The facilities and supplies made available to U.S. forces by the Saudi government have reduced costs associated with the operation.

The lessons we finally learn from the Persian Gulf crisis and how we relate them to shaping the military forces of the future remain to be seen. However, I can say with no hesitation that Desert Storm has demonstrated that the Total Force Policy is not merely a philosophy but a method of operation that works.

Personnel: Recruiting, Retaining, Training

Like everything else, however, the Total Force Policy will work only if we have the right numbers of people with the right aptitudes and training to make it work. This will be especially true of a smaller force. The next section of my statement will describe how we try to reach this goal and how Desert Storm has affected our efforts.

Recruitment/Advertising

For the last several years, the Military Services have successfully recruited the high-quality people demanded by the increasing complexity of modern national security strategies and the high-technology weaponry and support systems deployed to execute them. This was also true for FY 1990. Since FY 1982, recruits have been of higher quality than the average eligible youth population. In FY 1990, 95 percent of all recruits were high school graduates (versus 75 percent of the youth population), and 97 percent scored average or above on the enlistment test (versus 69 percent of the youth population).

Since the deployment of American troops to the Persian Gulf, we have carefully monitored recruiting trends to determine if enlistments have been significantly affected. This is difficult since the effects of Operations Desert Shield and Desert Storm are intertwined with the effects of the impending force drawdown and associated budget cuts and the impact of the economy on recruiting. Nevertheless, for the first 4 months of FY 1991, all Services met or exceeded their accession requirements, as shown in Table 2.

Table 2
Active Component Non-Prior Service Accessions by Service
Total Accessions (Thousands)

	FY91 thru January			FY90 thru January		
Service	Obj.	Actual	%	Obj.	Actual	%
Army	30.6	31.6	103	26.7	26.9	101
Navy	21.7	21.8	101	19.2	19.3	100
Marines	10.2	10.5	103	10.5	10.6	101
Air Force	9.9	9.9	100	13.2	13.2	100
DoD	72.5	73.8	102	69.6	70.0	101

The quality of enlistees has also continued to be high. As Table 3 shows, for the first 4 months of FY 1991, 97 percent of all new recruits were high school graduates compared with 91 percent for the same period in FY 1990. The percent of enlistees who scored average or above on the enlistment test (Armed Forces Qualification Test (AFQT) Categories I through III) rose from 95 percent in FY 1990 to 99 percent for the same period in FY 1991. Based on these data, we expect the

Services to meet their FY 1991 end-of-year accession goals with quality higher than that of FY 1990.

Table 3
AFQT I-III & HSDG NPS Accessions
Percent of Total NPS Accessions

	FY91 thru January		FY90 thru January	
Service	AFQT I-III	HSDG	AFQT I-III	HSDG
Army	98	97	95	89
Navy	99	95	91	87
Marine Corps	99+	97	99	94
Air Force	99+	99	99+	99
DoD	99	97	95	91

Thus, for FY 1991, we are optimistic about the health of future recruiting. However, there are many factors that can adversely affect recruiting success, including youth labor market variables (such as employment and pay) and youth population demographics. In addition, we now face smaller recruiting budgets as a result of downsizing initiatives. Recruiting and advertising budgets for FYs 1988-1991 are shown in Table 4. The table reflects an austere program--a $57 million decrease from last year's budget measured in current dollars. The reduction primarily affects the active force program.

Table 4
DoD Recruiting and Advertising Resources 1/2/
(Current $ in Millions)

Active Components	FY88	FY89	FY90	FY91 /3
Army	615.6	618.5	560.8	520.0
Navy	333.4	342.2	380.7	380.5
Marine Corps	177.4	176.6	191.3	187.9
Air Force	155.6	156.5	167.2	156.3
Joint	114.7	123.3	120.1	115.8
Active Totals	1,396.7	1,417.1	1,420.1	1,360.5
Reserve Components				
Army Nat Guard	279.6	261.3	261.6	262.5
Army Reserve	204.1	182.2	195.5	198.1
Naval Reserve	85.5	88.3	99.5	98.6
Marine Corps Reserve	23.9	21.6	20.7	20.2
Air Force Reserve	35.6	33.0	39.2	37.8
Air Nat Guard	43.1	45.7	49.6	51.4
Reserve Total	671.8	632.1	666.1	668.6
DoD Totals:	2,068.5	2,049.2	2086.2	2,029.1

1/ Includes all funds identified as enlisted, officer, and medical recruiting resources.

2/ For all years shown, active force includes cost of "kickers" (Army College Fund and Navy College Fund) and Reserve Components include funding for the Montgomery GI Bill.
3/ FY 1991 figures show revised Service budgets with Congressional and OSD Comptroller reductions applied.

The impact of the Persian Gulf crisis on Reserve recruiting is difficult to assess at this time. In the first quarter of FY 1991, the Army Reserve achieved 77 percent of its recruiting objective, compared with 97 percent for the same period last year. However, the Army National Guard achieved 100 and 101 percent of its quarterly goals for FY 1990 and FY 1991, respectively. Several factors unique to the reserve components have constrained reserve recruiting efforts. For example, Reserve recruiting was affected by the active component Stop Loss action. Army Reserve recruiting also was initially suspended in those units activated and deployed to the Persian Gulf; this policy was modified in November to permit limited recruiting for activated Army Reserve units. We believe the reserve components will meet their recruiting objectives in the near term. The effect on future recruiting, however, remains to be seen as activated reservists return to hometowns across the Nation.

To satisfy force structure requirements mandated by Congress, the Department of Defense uses recruitment advertising designed to encourage young Americans to consider military service as a post-high school option. While our message to prospective volunteers emphasizes elements of military service most likely to appeal to them, no attempt is made to hide the realities of military life. In the unlikely event that a few applicants do complete their initial processing at a recruiting station and arrive at basic training still unaware of the primary mission of the military, their first exposure to marksmanship, hand-to-hand combat, and physical training surely ends their confusion.

Because of the publicity surrounding Operation Desert Storm, the propensity of young men and women to enlist may change. Recruiting may become tougher during a period when we are also suffering cuts in the recruiting and advertising budget. Table 5 depicts the decline in advertising funds since FY 1988.

Table 5
DoD Recruitment Advertising Resources
(Current $ in Millions)

	FY88	FY89	FY90	FY91
Active:				
Army	73.5	74.2	76.6	47.4
Navy	19.4	19.4	25.1	16.2
Marine Corps	14.8	15.2	16.3	11.0
Air Force	14.8	14.8	16.3	10.0
Joint	27.0	31.3	16.3	13.4
Active Totals	149.6	154.9	150.6	98.0
Reserves:				
AR Nat Guard	15.6	14.3	14.0	10.8
Army Reserve	22.9	20.8	21.9	19.4
Naval Reserve	4.0	4.3	4.1	3.2
MC Reserve	2.7	2.6	2.5	1.9
AF Reserve	3.9	3.7	3.7	3.2
Air Nat Guard	2.1	3.1	3.7	2.6
Reserve Totals:	51.2	48.8	48.6	41.3
Budget/Budget Submit	200.8	203.7	200.5	139.2

Totals for FY 1988 and FY 1989 are actual expenditures. FY 1990 figures show programmed amounts. FY 1991 figures reflect Service plans to implement recent Congressionally-directed cuts to recruiting and advertising funds. Totals may not add due to rounding.

Operation Desert Storm has focused the country's attention on many of these factors that make recruiting so challenging. However, it has increased awareness of the military in young people, and given the circumstances that made Desert Storm necessary, we believe the reasons young people are enlisting may have changed. Pride, patriotism, and being part of a team now seem more important to young men and women than career opportunities and benefits of military service. In any event, we are certain that our Nation's involvement in the Persian Gulf will have an influence on how we should advertise in the future. We already have made some changes to our advertising strategies. We are not advertising as much as we did last year at this time. After the outbreak of hostilities in January, the Services suspended virtually all mass media advertising. In addition, the message contained in the advertising that continues has been refocused to emphasize the rewards to be derived from serving our country. For example, we changed our Joint-Service ads from a training and opportunity message ("Opportunity is Waiting for You") to a theme stressing the rewards that can be derived from doing something for our country ("Stand Up, Stand Out").

While the discussion above has focused on military recruiting, recruiting a competent civilian work force continues to be vital to our success because these people provide essential operational, maintenance, and administrative support services for our military forces. The key to successful recruitment and retention of highly qualified civilians is an effective civil service system that offers competitive recruitment and retention incentives and streamlined processes for hiring. With the passage of the Federal Employees Pay Comparability Act of 1990, we have gained the ability to offer pay more competitive with the private sector, and to use recruitment, retention and relocation bonuses. We believe these new tools will be of great value to the Department, particularly in high-cost areas like San Francisco, Los Angeles, and New York. In addition, we are working with the Office of Personnel Management on alternative classification and performance management systems in furtherance of efforts to enhance our ability to recruit and retain civilians, particularly in critical shortage categories, such as scientists, engineers, and accountants.

Socioeconomic and Minority Status/Women in the Military

With regard to socioeconomic status, our enlisted military members come from backgrounds that are only slightly lower in socioeconomic status than the national average. We recently surveyed over 10,000 recruits in basic training and asked questions that captured information about their backgrounds. Based on this survey, we know that the majority of recruits' parents had a high school education or better, were married, owned their own homes, and were employed. The contention that the enlisted force is recruited primarily from the lower socioeconomic strata of society is not supported by the facts.

As to Black representation, since the implementation of the volunteer force, it has steadily increased, both from a recruiting and a retention perspective. In FY 1990, 20.8 percent of our enlisted active force were Blacks, which compares to 12 percent in the national 18- to 44-year-old population. With respect to accessions, in FY 1990, 20.7 percent of our non-prior service enlisted recruits were Blacks, compared to 13.9 percent in the 18- to 24-year-old population. Other ethnic groups (e.g., Hispanics, American Indians) are underrepresented in the military. In FY 1990, Hispanics represented 6.9 percent of non-prior service enlisted accessions, compared to 11 percent in the civilian population of enlistment age.

In a volunteer environment, two factors determine force composition: 1) who is willing to serve, and 2) whom the Services choose to accept, based on their enlistment and reenlistment standards. Those who are opposed to overrepresentation of Blacks assume that service in the military is onerous. Evidently, Blacks disagree. Not only do they voluntarily enlist, their reenlistment rates are higher than the rates for whites.

Changing the racial or ethnic mix of the military would require the use of quotas by race or ethnicity. Under our current system of voluntary enlistments, the Services make no attempt to regulate the minority or socioeconomic characteristics of new recruits. Rather than using social, race, or ethnic criteria for enlistment, they use enlistment standards that ensure the best qualified applicants are selected. That is, the military offers opportunities based on merit, not demographics. In many cases, the civilian sector has lagged behind the military in equal opportunity. The presence of significant numbers of minorities in a volunteer career force reflects the Department's success and the civilian sector's shortcomings.

Our policy to provide women full and equal opportunity with men to pursue appropriate careers in the military has resulted in dramatic changes over the past two decades. Since 1972, the number of women on active duty has climbed from just over 45,000 to 223,000. A similar increase has occurred in the reserve forces. Women make up 11 percent of our active duty force and nearly 12 percent of our reserve force, serving in a wide variety of critical positions. Force reductions will result in a decrease in the number of women in the Armed Forces; however, we expect their overall representation to remain stable. Women have made up approximately 6 percent of the total military force in the Persian Gulf. Because they are restricted from assignment to direct combat positions, their representation in the Gulf force has been less than the 11 percent representation they have overall. During the past several years, the Military Departments reviewed all noncombat positions closed to women. Their reviews used DoD guidance for interpreting combat exclusion laws and a DoD-developed standard for risk assessment. As a result of these reviews, over 31,000 additional positions were opened to women. The Services continue to evaluate positions closed to women and are working to integrate more enlisted women into nontraditional skills. They are also emphasizing women officer leadership development to prepare women for assignment to key billets and command. As these efforts continue, we should see women serving in a broader range of skills and levels. In addition, results of a DoD-wide survey on sex roles has highlighted concerns about sexual harassment. These concerns are being addressed by improving and better targeting our existing programs to prevent and combat sexual harassment.

Training

The planned reductions in our forces make it essential that their readiness and qualitative advantage over potential adversaries be preserved. The key to maintaining readiness at the unit level is providing adequate training funds to maintain operating tempo (OPTEMPO). OPTEMPO not only trains the unit to perform its mission but serves as the final check to make sure the system works. And, OPTEMPO, when compared to the cost of the forces, is cheap.

Because the need to maintain each unit as a quality organization increases as our forces are reduced in size, each of the Services has budgeted sufficient funds to maintain OPTEMPO at the required levels. This year's budget request funds a training tempo approximately the same as in FY 1991. Active Army ground and air training operations will continue at 800 miles per year for combat vehicles and 14.5 flying hours per month for tactical aircrews. Navy steaming days remain at 50.5/29.0 days per quarter for the deployed/nondeployed fleets. Flying hours for active Air Force tactical aircrews will hold at about 19 hours per month in FY 1991, dropping to about 18 hours in FY 1992 as certain high-OPTEMPO aircraft are transferred to the reserve components.

The training conducted by a unit performing its missions is the culminating event in the DoD training process. The other training, individual training, consists of formal schools and training centers, on-the-job training in operational organizations, and collective training of crews/units on designated equipment. Despite intense competition for scarce resources, the Services are continuing to provide challenging training in each setting for both active and reserve personnel and units.

Military training student manyears are the principal measure of individual, institutional training requirements. The student manyears (loads) requested by the Service Components are shown in Table 6. The Department will require student loads consistent with end strengths and the availability of funds to implement individual training programs.

Table 6
DoD Training Loads/Student Manyears

Components	FY 1992	FY1993
Army	68,106	66,580
Navy	60,100	59,370
Marine Corps	21,193	20,718
Air Force	28,669	28,389
Army National Guard	14,626	14,468
Army Reserve	13,597	13,095
Naval Reserve	2,336	2,476
Marine Corps Reserve	3,514	3,710
Air National Guard	2,769	2,771
Air Force Reserve	1,663	1,698
Total	216,573	213,275

Upcoming military strength reductions will decrease some training costs but will introduce some new training requirements. Clearly, reductions in new people will directly reduce requirements for recruit, initial skill, and officer acquisition training programs. But accelerated separation and retirement, while they will help to achieve strength targets, will also mean the loss of qualified personnel. Their replacements will, in many cases, require additional skill development training or cross-training. Deactivation of operational units will eliminate the collective training costs of those units deactivated. However, some of the cost savings from deactivations and closures will be spent in meeting additional training requirements of remaining units whose missions must be realigned or consolidated. Training to meet high readiness standards will be critical in creating the needed flexibility to address a wide variety of contingencies.

We continue to emphasize cost-effective training management. Weapon and support systems are being designed to minimize both the number and the skill level of people needed to operate them. Training delivery systems (including computer-assisted instruction, interactive courseware, embedded training, and simulators) are systematically developed when justified for training effectiveness and efficiency. Particular emphasis is being placed on training systems that will help alleviate unique training problems faced by reserve component units. Steps to assure that training software is portable and training simulators interoperable will provide further training cost-avoidance despite relatively high initial investment costs.

In the area of civilian training, we have sought for several years the ability to pay for degree-related training. We are pleased that the FY 1991 Defense Authorization Act granted us this authority for skills in short supply or required in critical positions, such as in our acquisition work force. We believe this will improve our competitiveness with private industry for college graduates who have skills in high demand and for whom degree training is significant to their advancement, such as scientists and engineers. We also believe this will enable us to provide retraining opportunities as we attempt to keep a skills balance in our work force during the drawdown.

Retention

During most of the current decade, military retention patterns have been very healthy, and the Department has continued its success in retaining a high-quality officer and enlisted force during the past year. While we expect no difficulties in the near term, we continue to experience shortages of pilots, nuclear officers, and medical personnel and people in certain mission-critical enlisted specialties. Maintaining the grades and skills necessary to man the future force will require intensive management and judicious application of scarce bonus resources. As we continue to wrestle with the size and scope of future manpower reductions in light of a reduced budget, the picture has been clouded by our deployment in the Persian Gulf. While we expect no difficulties during FY 1991, it is too early to tell what effect Operation Desert Storm and budget reductions will have on retention.

While we continue to reenlist eligible members, we cannot compute the current reenlistment rates due to the use of the Stop Loss authority. Any reenlistment rates computed at this point would be misleading as the pool of men and women eligible to reenlist or separate has been significantly reduced. We will, of course, continue to monitor retention.

Many of the Department's problems with civilian retention stem from the problems I have already mentioned about recruitment of civilians, and we hope that the Federal Emloyees Pay Comparability Act will not only help us recruit but also retain highly skilled civilians. As the civilian work force is reduced, our Priority Placement Program will become increasingly important in keeping employees with the skills we continue to need. This program provides employees whose positions are adversely affected by base closure, contracting out, functional transfer, or other actions that result in a reduction-in-force the opportunity to be placed in vacant DoD positions for which they are qualified. We will also be working with the Office of Personnel Management and other Federal Agencies to maximize efforts to place our employees in other Federal positions.

Tools: Compensation, Quality of Life

Our ability to recruit and retain the people we need is significantly affected by our ability to provide adequate compensation and quality of life incentives. The next section of my statement discusses these incentives.

Compensation

We appreciate this subcommittee's efforts in the compensation area for FY 1991 and seek your continued support. The challenge for us in FY 1992 and beyond will be to maintain our competitive position given the fiscal constraints we face.

The President's Budget requests pay raises of 4.2 percent in FY 1992 and 4.7 percent in FY 1993 for military personnel. We have been using the Civilian Wages and Salaries component of the Employment Cost Index (ECI) as the basis for comparison with military wages. According to this measure, since 1983 the military pay raise has been less than the increase in the ECI, except in 1989. Recent economic research by the Department has raised questions, however, about the validity of this index as the appropriate standard of comparison because of demographic and structural differences between our force structure and the civilian labor market. The Seventh Quadrennial Review of Military Compensation (QRMC) is studying the selection of an appropriate index. Regardless of the standard that is chosen, we remain committed to closing any pay gap completely over the long run.

Our incentive programs will become increasingly important in helping us to align a reduced personnel inventory with future force structure. As the force is reduced and the need to recruit high-quality personnel becomes more pronounced, competition for a declining youth population will provide a continuing challenge. The enlistment and selective reenlistment bonus programs are two of our most effective tools in meeting recruiting and retention requirements. Maintaining adequate levels of funding for these bonuses will be critical in attracting enlistees to and retaining members in the highly skilled, mission-critical, and arduous duty specialties.

Two areas of particular concern to us that are being addressed by special pays and bonuses are pilots and health care professionals. The recently enacted increase in aviator continuation pay, the extension of the aviator retention bonus, and a declining force structure--operating together--should resolve some of our pilot shortages within the next few years. However, pending changes to drive up the wage scale and increases in hiring in private industry could reduce the positive impact of our programs. We will continue to monitor retention in this critical area closely.

Congress, and the Department, have long recognized the need to augment normal military compensation in order to attract and retain physicians. As a result, they are among the highest paid professionals in military service; however, we still have shortages in certain specialties, especially surgical, where the total compensation package we offer lags significantly behind private sector comparability. The FY 1991 Defense Authorization Act significantly modified special pay authority for physicians on active duty, establishing a permanent multi-year contract retention pay. We provided specific rates and eligible physicians for the new Multi-Year Special Pay, along with new directions on Incentive Special Pay, to the Services in recent implementation guidance, and a report to Congress describing implementation is currently being prepared. As for nurses, the FY 1990 Defense Authorization Act authorized Incentive Special Pay of up to $6,000 per year for nurse anesthetists. The FY 1991 Defense Authorization Act expanded this authority to include other nurse specialties when they demonstrate critical staffing shortages. We are working with the Services to determine if critical staffing shortages will exist after the bonus is expanded to general nursing staff skills.

Moving to allowances, in the spring of 1990 the Department completed its biennial survey of housing expenses incurred by members drawing allowances for housing in the United States. Over 620,000 valid responses were received for residences in over 334 military housing areas. The survey concluded that housing costs rose 8.2 percent on average compared to a 7.8 increase in housing allowances over the same two-year period. The 4.1 percent funding increase in the FY 1991 Variable Housing Allowance (VHA) program, while welcome, was insufficient to overcome past years of funding constraints. To overcome the shortfall and to pay the full VHA entitlement in FY 1991, it was necessary for us to reprogram the additional funding required. We hope to avoid reprogramming in the future and have programmed funding for future years based on full VHA entitlement.

In January of this year, we implemented the provision in the FY 1990 DoD Authorization Act that limited the amount of any decrease in a member's pay due to reductions in his or her VHA resulting from adverse housing market conditions. We have also implemented the overseas up-front Move-In Housing Allowance (MIHA). MIHA assists overseas members by defraying the initial cost of local economy housing at the time these expenses are actually incurred. This lump sum payment has significantly reduced the financial burden imposed on many of our overseas Service members and has improved the accuracy of overseas housing allowance reimbursements.

Desert Storm has highlighted several aspects of military compensation that come into play in a combat situation. Our military personnel in the Persian Gulf area are receiving Imminent Danger Pay ($110/month), Family Separation Pay when applicable ($60/month), and Certain Places (Foreign Duty) Pay (enlisted only; $8.50 to $22.50/month). These special pays helped to make up for the loss of Basic Allowance for Subsistence (BAS) for enlisted members upon deployment to the Persian Gulf that occurred because deployed members are fed by the Government. They should not be construed, however, as a replacement income because the purpose for these payments is not to replace BAS, but rather to compensate members for arduous and hazardous duties away from their families. Congress has asked the Department to submit a report on various options for reforming the BAS entitlement. We have reviewed several alternatives but will not propose any changes to the BAS entitlement until the 7th QRMC has completed its full review of the overall compensation system.

Beyond the special pays mentioned above, in a combat zone all compensation of members other than commissioned officers is excluded from taxable income. Commissioned officers may exclude $500 per month. There is no withholding of Federal income tax for service in a combat zone. In addition, various tax-related actions such as filing returns, paying tax, and claiming refunds may be delayed for the period in a combat zone and 180 days thereafter. For members who take advantage of this delay, there will be no penalty or interest payable on taxes owed. In addition, thanks to the passage of HR 4, interest on refunds will be payable from April 15 when filing of the return is delayed.

Quality of Life

As we move forward with restructuring and downsizing of our force, we intend to sustain, and, where needed, bolster support systems operating in our military communities. Reductions in community services will be taken cautiously to ensure that we do not withdraw support systems prematurely. Such shortcuts during this process would have a negative impact on the morale of our departing Service members, many of whom are overseas. For those leaving, we must address specific concerns for proper reintegration into the civilian work force and community. For those who will remain, a stable quality of life will help us retain the best.

Our involvement in Operation Desert Storm has demonstrated that past investments in quality of life have been sound. The military exchange and our Morale, Welfare, and Recreation (MWR) programs have provided tremendous aid to and support for forces in the Persian Gulf. Here at home, our network of family support programs has proven its worth in the outstanding assistance provided to our military families. I believe we have demonstrated our commitment to these programs in funding as well as policy. Some highlights of specific quality of life programs follow.

The Department has established the Transition Support and Services Directorate to facilitate development and implementation of transition assistance benefits for separating military personnel, civilians, and their families. We have developed a DoD-wide core Transition Information Program, which will be enhanced by specific Service initiatives. We believe that by treating departing personnel fairly and with dignity, the Department will maintain its image as a quality employer, and by so doing, continue to be able to recruit the best and brightest. The successful readjustment of veterans into civilian life is a mutual responsibility and concern of the Departments of Defense, Labor (DoL), and Veterans Affairs (DVA). As part of the DoD Transition Information Program, we have entered into agreements with DoL and DVA to expand pilot and ongoing outplacement and readjustment programs. All three Departments are committed to establishing and maintaining a program to furnish counseling, assist in identifying employment and training opportunities, insure awareness of veterans' benefits programs, and provide any other information that will ease the return of veterans to the private sector. We are jointly expanding the pilot Transition Assistance Program (TAP)/Disabled TAP to additional sites nationwide in FY 1991 and have developed a plan for future expansion.

In addition, as has always been our policy, members who are separated will be provided retirement or separation benefits where eligible under existing laws. I am particularly pleased about the eligibility changes recently enacted for separation pay; for the first time, regular enlisted members are now eligible for this pay. We are still concerned about the need to expand unemployment compensation benefits to 26 weeks for involuntarily separated Service members and to allow civilians to be placed in outplacement programs.

Enhanced relocation assistance services, including the beginning of an automated system, will not only assist Service members who are leaving but also will continue to be a mainstay for military personnel changing duty stations.

In the area of child care, the Department has progressed in its implementation of the Military Child Care Act of 1989. We have a strong commitment to quality care and are continuing to expand availability, primarily through care in family homes. Increases to caregiver wages and improved caregiver training are reducing staff turnover and enhancing staff professionalism. We have established inspection teams throughout the Services and DoD to monitor compliance with standards for health, safety, and quality. In addition, we have issued standard fee guidance to ensure comparability of fees within DoD and to establish affordable rates for Service members. The system is still adjusting to these changes and needs time to implement and adjust fully to new guidance.

The Family Advocacy Program addresses child and spouse abuse. We expect demands on this program to increase as military families are faced with the uncertainty caused by world conflict, transition, fear of job loss, and impending economic hardship. Current funding levels are inadequate, and caseloads carried by counselors are three times larger than standards established by leading national agencies. The Services have identified additional requirements for FYs 1992 and 1993, and we have increased funding for prevention efforts and treatment programs to meet 55 percent of those requirements. We must prepare to assist our families through crisis and therefore ask you to support the program increase we have included in our budget request.

Another program crucial to our families is our dependents education program, which enrolls over 195,000 students, mostly overseas. During the drawdown, our goal is to maintain the high quality of education currently provided by dependent schools worldwide. Many schools will decline in enrollment rather than closing; in this event, we must recognize that the cost per student will increase as economies of scale decrease.

Regardless of the drawdown, the Department remains committed to excellence in our dependents schools. We are emphasizing achievement of the President's National Education Goals and have set objectively measurable goals to support these goals, including doubling the percentage of high school graduates who complete physics and calculus courses. This year, 2,300 teachers are being trained to improve the teaching of mathematics at all grade levels. The quality of our education system is evidenced by the results of our performance at all grade levels on nationally administered standardized tests and in participation and performance on the SAT college entrance exam. Yet, considering direct educational costs, we spend at the national average per pupil.

The DoD Morale, Welfare and Recreation program is a major contributor to community life on military installations. Libraries, sports and athletic programs, military exchanges, military clubs, youth services, craft shops, and other activities serve approximately 12 million people, generate over $10 billion in sales, employ 220,000 people, and account for about $5.2 billion in program cost, exclusive of cost of goods sold. About $1.2 billion is funded by appropriated funds; the remainder is provided through nonappropriated funds support.

With Congressional assistance, the Department has restructured MWR activities to make them more business-like. This has resulted in MWR business programs becoming more efficient and therefore less reliant on appropriated fund support. Other recent changes to MWR programs include the expansion of patronage eligibility to a larger population of the reserve components and their families. MWR, with its makeup of revenue- and non-revenue generating community programs must maintain a minimum level of appropriated funds to sustain a strong quality of life on each installation. We are faced with a potential drop in revenue as installations close and we bring some of our forces back from Europe. We intend to monitor carefully the impact of this transition on the quality of life of our Service members and their families.

The Persian Gulf mobilization has reinforced the direct link between mission readiness and morale support activities for our forces. The establishment of stress-relieving activities and essential services for our Service members became an issue of paramount importance for a "waiting" force. Recreation kits, televisions with VCRs, Desert FAX, and culturally acceptable reading material and entertainment for our troops contributed to morale. We also leased a cruise ship to provide secure Rest and Recreation (R&R) for service members on 48 to 72 hours leave from the peninsula.

For the family members left at home during Desert Storm, Family Centers have provided the focal point through which we could best organize contact and assistance. The centers established hot lines to assist in information flow and expanded services and hours of operation to accommodate the most pressing needs. The services offered typically include emergency financial assistance, child care/foster care coordination, stress management, relocation assistance, family support groups, liaison with the family support programs of the reserve components, and information and referral. When operating under ordinary business conditions, our 367 Family Centers respond to over nine million requests for assistance annually. The number of requests increased substantially with force deployments. The Family Center has provided the infrastructure to mobilize a community effort and clearly is essential to mobilization of the force.

Conclusion

Despite the stresses endemic to war, our volunteer force continues to perform well. I am convinced that with proper attention to and funding for recruiting, training, and compensation and quality of life incentives, it will--while smaller--be able to maintain the readiness necessary to defend our interests around the world in the coming years. We request your continued support in making sure this happens.

We also request your support in protecting the Services from painful force reduction actions precipitated by excessively steep reduction profiles. As I mentioned in the introduction to my statement, flexibility will be crucial to our success as we plan for the future in the aftermath of Desert Storm. We need to be given the necessary flexibility to reshape the forces in a manner that preserves our readiness and qualitative edge. Although reshaping the forces will include manpower cuts, decisions on the size of the reductions should be preceded by the identification and assignment of missions and the reshaping of force structure based on those prescribed missions. The delay in our downsizing necessitated by Desert Storm must also be considered in determining the timing of manpower cuts. I believe it is very important to avoid excessively steep reduction profiles that will create considerable turbulence and disruption within our forces.

With your help, we can guide the volunteer force successfully through the changes the next few years will bring. I hope we will be able to work together to accomplish this goal.

Senator INOUYE. Before I proceed with my questions, I will be submitting to you questions that may involve protracted responses, such as a question on total force policies, the question of retentions, certain RIF questions, child care for DOD civilian employees, and certain family support programs.

Should we anticipate any extraordinary budgetary impact by failing to meet the authorized end strength for fiscal year 1991?

Mr. JEHN. Clearly, as I said, we are not going to make the 1991 end strength numbers. Exactly how close we come is still uncertain. It depends, as I said, on the way the redeployment and demobilization unfolds. But obviously, regardless of how close we come, we are not going to quite make it. So that means we will enter fiscal year 1992 with higher strength levels than we had planned on and that are reflected in the budget.

So that is going to mean we are going to have higher average man-year levels all year long, and we will need additional funds. Exactly how much, I cannot tell you today. We hope that within a few months—certainly by the time you begin markup on the budget itself—we will be able to sit down with you and better outline the effects.

FOREIGN NATIONAL CIVILIAN PERSONNEL

Senator INOUYE. Last year the Congress directed DOD to reduce foreign national civilian personnel costs by 25 percent. We note that these reductions have not been made. May we ask you why not?

Mr. JEHN. The principal reason, I think, for much of the delay is that we needed to keep those people on board to help us support Desert Storm. I believe we owe you a report or lengthy letter, and you will be getting that shortly, on the subject.

Senator INOUYE. Also, that delay may have been caused by agreements that you have reached with host countries?

Mr. JEHN. The whole issue of foreign national employment, as I am sure you know better than I do, is enormously complicated by the status of forces agreements and the other agreements we have with the host nations. So there are those limitations. In the long run, I am sure foreign national employment, just as civilian employment throughout the Department is coming down, foreign national employment is going to come down as well.

Exactly what kind of timetable we are able to achieve depends on events such as Desert Storm and Desert Shield and also the speed with which we are able to pull forces out of Europe and close bases over there and so on.

BASIC ALLOWANCE FOR SUBSISTENCE

Senator INOUYE. Early in Operation Desert Shield my office here in Washington and in Hawaii must have received easily a couple hundred calls, all on one subject, and that was one the basic allowance for subsistence. As you know, the military personnel, enlisted personnel, receive a monthly allowance of $180, and this was intended to provide funds for food for military members when they do not use the mess halls.

Mr. JEHN. Correct.

Senator INOUYE. So when these men and women were deployed to the desert and DOD assumed the responsibility of feeding them, this BAS was discontinued. But in most cases families looked upon this as part of their income and looked upon the so-called separation pay, the imminent danger pay, and foreign duty pay as special bonuses or rewards for doing a different type of work.

Have you looked into this?

Mr. JEHN. Well, as you can well imagine, that whole subject occupied a lot of our time back in August and September. I think it is important to note that the fundamental problem here is not a deployment like Desert Storm or Desert Shield. Deployments happen all the time, and the rules apply equally to all deployments.

The difference here was that this was a deployment of more uncertain duration and certainly was an unexpected deployment, so families could not plan around it. As you may know, enlisted members on board ship, for example, forfeit BAS when they go to sea. Now these are usually scheduled and well-anticipated deployments, so families can plan around them.

But the fundamental problem we are dealing with here is this pay and allowance system that places certain elements of compensation in very special categories that lead us to the kinds of problems you just outlined. I have directed the quadrennial review of military compensation—which is meeting right now, luckily—to examine this whole situation and ask in a systematic and thorough way whether there are not some fundamental changes to the pay and allowance system that could obviate these kinds of problems in the future.

We are certainly very sympathetic and understanding of the problems that the military personnel face. It is hardly a new problem. It just came to light here because, as I said, this was so much bigger and more unexpected than the typical deployment.

Senator INOUYE. So you are in the process of working on some other approach.

Mr. JEHN. Exactly. We are trying to look to see if there is not some way to fix this on a permanent basis; yes, sir.

REDUCTION-IN-FORCE

Senator INOUYE. In your prepared statement, Mr. Secretary, you say the following:

> During fiscal year 1990, total civilian employment in military functions declined by 44,000, and we anticipate another 97,000 reduction from fiscal year 1990 levels by fiscal year 1993. In order to prepare for additional reductions and to avoid potential reductions in force and furloughs, we have extended the hiring freeze imposed in January 1990 into the second quarter of fiscal year 1991.

The impression left by this statement is that there will be no RIF's over the period of 1991 to 1993. However, we gather that a lot of RIF's are anticipated. What is the situation?

Mr. JEHN. First, let me just state our fundamental principle or objective here is to minimize, to the greatest extent possible, the amount of RIF's. And that is a principle or objective we are following with the civilian work force that is very comparable to the objective we have on the military side—that we want to minimize, as you stated in your opening remarks, the amount of involuntary separation from the military.

So I view those as very complementary and comparable objectives. But, nonetheless, some forced separations are going to be necessary, particularly in specific areas or in specific occupational series where normal attrition and sort of normal adjustments to the work force are just not going to be sufficient to get the work force down.

Senator INOUYE. What proportion of your reduction would be forced separations?

Mr. JEHN. It is very difficult to say at this point because, as you know, we do not manage the work force centrally, the civilian work force centrally in the Department in the same way we do military personnel. Further complicating the whole question is the uncertainty we have about things like base closures and further consolidations that are still under consideration.

So at the moment I cannot give you a precise answer. We might be able to come up with a much better answer for you as we sit back and reflect on it. So why don't I try to get an estimate to you on that? I do not have that sort of thing right in front of me today.

[The information follows:]

The Department's fiscal year 1992/1993 Budget projects civilian employment reductions of 97,098 between fiscal year 1990 actual and fiscal year 1993. These numbers reflect net reductions; some organizations will be gaining personnel as the result of program growth, transfers of functions, or conversions of military to civilian positions. Overall, we currently anticipate that 8 to 12 percent, or up to 12,000, of the current estimated reductions would be achieved through involuntary separations. Functions likely to experience involuntary separations include Navy shipyards and Army logistics functions and base operations support. In those functions, the reductions in funded work load are sufficiently large that management actions, such as hiring freezes and attrition, will not be sufficient to avoid the necessity to conduct reductions-in-force. The Air Force does not plan major reductions-in-force. However, where specific programs have been terminated, involuntary separations could occur.

There are a large number of variables, unknown at this time, which may change the magnitude of involuntary separations. For instance, the second round of base closures has yet to be approved. These decisions may dramatically reduce work force requirements in specific localities.

Finally, the Department is pursuing aggressive policies, including hiring freezes and internal placement programs for surplus employees, to minimize the need to involuntarily separate employees, and we are developing transition assistance for those whom we cannot place.

Senator INOUYE. This may not be a major concern, but I am certain it was a major concern for several hundred people. Last Saturday I happened to be in Oklahoma City and I turned on the evening news. As we saw all over the United States, it was a scene of joy and jubilation, success and victory, and wives were running to their husbands. It was a great moment and the scene was at Tinker Air Force Base.

Suddenly, the scene changed. On the same base, at the same time, from one end of the base to the other end, on the other end they were passing out 900 slips, RIF slips.

Mr. JEHN. To civilians.

Senator INOUYE. Reduction-in-force slips. I thought the timing was just horrendous.

Mr. JEHN. I think you are right. The timing sounds terrible to me, too.

Senator INOUYE. Can you check those things out?

Mr. JEHN. We will look into it.

Senator INOUYE. It just does not make sense. On the one side of the field they are celebrating with great jubilation, and on the other end the world is coming to an end.

Mr. JEHN. I suppose what you could have said was I think the contribution—and I would say this, certainly—the contribution of civilian employees throughout the Department, and certainly at bases like Tinker, played a big role in the Persian Gulf war in supporting the war. Our civilians were every bit as important a part of the effort as were military personnel.

So I think you are right. The timing could have been a lot better.

Senator INOUYE. Before I recognize my dear friend from New York, everywhere we go people tell us to cut down the cost of the Government and especially military spending. We hear that every day. But I doubt if the people of the United States really are knowledgeable of what the impact may be, and that in the final analysis there may not be savings, at least for the first 4, 5, or 6 years.

I cited this Tinker case because I am certain many in that community were demanding a reduction in Government expenditures until it hit home. We are being called upon to make reductions, but you and I know, for example, that this document here does not take into account the increased cost in unemployment compensation—somebody is going to pick up the tab; not my subcommittee—welfare payments. There would be another subcommittee handling that, not this subcommittee.

Then I am certain you are going to be considering separation pay for enlisted personnel. That is going to be an additional cost. Extended health care benefits, because you cannot very well tell a GI, I am sorry, you cannot serve your full term. Your wife got pregnant, but you take care of it yourself. These are costs that none of us have really concerned ourselves with.

Then, when we start sending out these pink slips it is not only going to cause havoc, there will be great misery all over this land. We notice that the military-industrial base is on the verge of disappearing. Translating that would mean several hundred thousands of talented men and women going on the unemployment rolls.

So I just cite this, something that you are well aware of, so the people of the United States would be prepared. On the one hand, we are going to save, but, on the other hand, we will have great misery for a while. I hope the folks are prepared for that.

Senator D'Amato.

HIRING FREEZE

Senator D'AMATO. Mr. Chairman, I think you have really said it well. It has just always seemed to me that employment by the Government kind of carries with it a certain moral obligation. People come to work for the Government for a variety of reasons, but one of them is the certainty of employment. They are willing to forgo higher pay. The other is the challenge of the job itself, particularly the military.

I think it is a sense of duty and honor and of service, patriotism. Maybe that is old-fashioned, but it seems to me that at this point in time that takes on a special connotation. I think America has demonstrated again it is reinculcated, in light of the events that have taken place in the Persian Gulf, with a sense of patriotism.

So I think the chairman's comments take on a particular poignancy at this particular time, during the state of jubilation and celebration, that the bureaucratic wheel grinds on and people are being RIF'ed, something that affects every human being and every person who works and family that they support. Let me tell you, that is not so impersonal, and it just has always seemed to me that if we are going to reduce, particularly in Government sectors, I know sometimes we do not have the luxury that if we really took on the policy by using attrition as a method you might not be able to reach all these goals.

But in the long run, it deals with and eliminates many of the problems that Senator Inouye, the chairman, has mentioned. You do have a substantial attrition rate, but you have got to really employ it, and you cannot do it and choose to disregard it because you are somebody in the old boy network—and we all have old boy networks, now men and women networks. But if you are going to really have a program where you are not going to be hiring and you have a real freeze on, I will bet you can get a substantial reduction without having to go through and RIF people out.

I wonder do you have a freeze on, a total freeze? Are you trying to get those targets by doing that?

Mr. JEHN. Well, that was, in fact, exactly the purpose of the hiring freeze we imposed last January that still continues through the end of this month. In fact, during fiscal year 1990, as the chairman noted, we had a reduction in civilian employment of about 45,000. We had originally programmed a reduction of only about 19,000. So the hiring freeze has worked in exactly the way we wanted it.

The principal reason we imposed it in the first place was that the Secretary did not want us put in the position of perhaps hiring people in 1990 that we would then have to turn around in 1991 or 1992 and release involuntarily.

So I think in general we have tried to, in fact, behave exactly as you suggested we ought to behave. The problem, though, is that in certain specific geographic areas or in certain occupational categories natural attrition, normal attrition, is just simply not enough. We are trying to minimize that.

Senator D'AMATO. If you do this, I would like to know, and if you do not do it, I would like to know if you will not look into it. If you take your numbers and you indicate that as a result of the hiring freeze you were able to obtain a reduction in jobs by some 45,000; is that correct?

Mr. JEHN. That is about right; yes, sir.

Senator D'AMATO. Initially you had talked about 19,000.

Mr. JEHN. That is what we had planned on. That was what was in the budget proposal for 1990.

Senator D'AMATO. So consequently these 25,000-plus additional slots that would have been filled, if you then applied that now that hiring freeze is off; is that correct?

Mr. JEHN. Not yet, sir.

Senator D'AMATO. It is not off.

Mr. JEHN. It is effective until the end of this month.

Senator D'AMATO. Are you going to lift it?

Mr. JEHN. We are looking at whether to extend it as is or modify it in some way right now.

Senator D'AMATO. Are you going to modify it?

Mr. JEHN. We expect we probably will, at least in a small way, but not in a significant way.

PRIORITY PLACEMENT PROGRAM

Senator D'AMATO. I will bet you will. I do not mean to be sarcastic, but I think you are going to.

Let me suggest to you that if you have people at this air base in Oklahoma, for example, who are workers there. Do you do anything in an attempt to offer them, those people who would be furloughed, the first opportunity for reemployment within?

Mr. JEHN. Absolutely.

Senator D'AMATO. Is that an absolute fact that is embedded?

Mr. JEHN. That is right. Let me describe it.

Senator D'AMATO. So, in other words, you will give people the chance in Oklahoma, let us say, to go to another facility that will be hiring?

Mr. JEHN. Exactly so. In addition to just trying to minimize involuntary separations in the first place, we have initiated and are developing a wide range of benefits to civilian employees that would be comparable in many respects to the benefits the Congress passed for military personnel last fall. Notable among these, however, is a program we have had in place since 1965, called the Priority Placement Program, and that is available to DOD employees who are separating. They may enroll in this program and, once enrolled in the program, they get, as the name suggests, priority over outsiders for assignment to openings at other locations.

This has been a program that has worked well over the years. We have expanded and enhanced it in the last 12 months to make sure it works even better. What we have found, for example, over the years is about 80 percent of the enrollees in this priority placement program, in fact, wind up getting a job somewhere else in the Defense Department, and many of those who do not, do so because they choose not to make the move that is offered to them.

Senator D'AMATO. Did those people who got those RIF's, are they also advised as it relates to this opportunity?

Mr. JEHN. Yes, sir.

Senator D'AMATO. And you really work with them on this?

Mr. JEHN. That is a job that the local personnel office is, in fact, supposed to do, and I have no reason to think it is not being done at Tinker, as it is done almost everywhere else that I am aware of.

Senator D'AMATO. Would you find out?

Mr. JEHN. In the Tinker case particularly.

Senator D'AMATO. Mr. Chairman, I would like to pursue that to find out if those people have gotten this kind of notification.

Mr. JEHN. And this kind of counseling and so on.

Senator D'AMATO. I am not just talking about counseling. If you are going to be hiring 600 people and let us suppose you got 400 of the people at Tinker who can do the jobs of the 600 that are going to open up nationwide, should they not be told about it?

Senator INOUYE. If I may interrupt at this point, I did have this matter checked, and all of those members have been assured of their rights. They have been counseled. They have been given opportunities for jobs elsewhere. So although it was a sad day, DOD did follow all steps.

Senator D'AMATO. Well, that is good to hear, because that is important. I just really think that that should be the last kind of thing and they should be first on that list to try to get reemployed.

Mr. Chairman, thank you very much.

Senator INOUYE. Senator Domenici.

READINESS AND TRAINING

Senator DOMENICI. Mr. Chairman, I have no questions. I just wanted to take this opportunity to take a couple of moments while both the Secretary is here and also the other members of the military who are involved in manpower management and personnel, as a new member of this subcommittee, while I have been around the Senate for a while, I look forward to working with all of you and with the chairman.

It is obvious to me that the one thing that stands out in this war we just had is that we have the best manpower and training that any American military has ever had in perhaps the world's history, and that did not come easy. It is expensive, requires an awful lot of readiness and training. I think we want to be awful careful as we build down in this remaining 4-year program that we are aware of your problems and that you are aware that we know.

It is very, very important that manpower problems be handled properly during this builddown. I think many of us stand ready to do that. We understand this is not without big cost, and if we do not do it right we lose a lot of morale. That is very, very important to the men and women that serve. So I personally understand it much better than I ever did.

In fact, I saw evidence all over the place that readiness was important. Practice and repractice, and practice again, and that does not come cheap. So I just wanted to say to you and the military leaders who are here I will do my share to be fair and do this right during this next 4 to 5 years, which are very important.

Thank you, Mr. Chairman.

Mr. **JEHN**. Thank you very much.

Senator **INOUYE**. Thank you very much, Mr. Secretary.

MILITARY MANPOWER/PERSONNEL

Now may I introduce the four personnel chiefs and ask them to come forward: Lt. Gen. William H. Reno, Deputy Chief of Staff for Personnel, U.S. Army; Vice Adm. Jeremy Boorda, Deputy Chief of Naval Operations for Manpower, Personnel and Training; Lt. Gen. Norman H. Smith, Deputy Chief of Staff of the Marine Corps for Manpower and Reserve Affairs; and Lt. Gen. Thomas J. Hickey, Deputy Chief of Staff of the Air Force for Personnel.

I welcome all of you gentlemen. I have just learned, General Hickey, that this may be your last appearance before the subcommittee and, if that is so, I would like to congratulate you on a long and distinguished career and thank you for all the contributions you have made to our national security and our way of life, and to wish you Godspeed.

General **HICKEY**. Thank you very much, Mr. Chairman.

Senator **INOUYE**. I will ask all of you to make your statements. We will begin with General Reno.

STATEMENT OF LT. GEN. WILLIAM H. RENO, USA, DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY

General **RENO**. It is a great personal pleasure of mine to appear before your subcommittee. I came into my position following my distinguished colleague, Gen. Al Ono, whom I know you know very well. I took this position on August 1, and I gather that you would recognize August 2 as being the day that I became very busy. But the good news is that Al Ono left the Army's personnel system in extraordinarily good shape.

DESERT STORM

I think that each of us here in the room, and particularly those on the subcommittee and those in the Army, share great pride in the accomplishments that you have recognized of the 300,000 men and women of your United States Army in the deserts of Saudi Arabia. A lot of people have played in the success of that force and, as Senator Domenici mentioned, not only was it the quality of our people but the quality of our training and the readiness of the force. We all owe your subcommittee and the other Members of the Congress a debt of gratitude for that.

Since assuming my position on August 2, we have followed what our Chief of Staff calls three vectors, and I have been held accountable for maintaining the personnel readiness of the force in the desert, the readiness of the Army around the world, and at the same time to continue the planning for reshaping the Army, the builddown, if you will.

I think we have learned in Operation Desert Storm that the policies and programs that were so important to building the great Army that we have will be equally important as we reshape it. As we went into Desert Storm, we had to take extraordinary personnel measures. We had to not only build the force but we had to plan for its reduction.

As I appear before you this morning, the Active Army strength stands at about 750,000 men and women, with over 140,000 Reserve soldiers on active duty. We gained these numbers two ways. Obviously, first we called up the Reserve components, with which you are quite familiar. The second method that we used in establishing larger manpower was to stop the departure of those whose term of service was scheduled to expire and to those who were retirement eligible.

END STRENGTH

By doing so, we retained trained manpower for the operations in the Middle East and trained manpower for the readiness of your Army around the world. As Mr. Jehn suggested, however, this growth in manpower suggests to us and suggests to the Department of Defense and your subcommittee that the U.S. Army will not meet its authorized end strength of 702,000 at the end of this fiscal year.

Our task now is to redeploy our force from Saudi Arabia, to receive them back at the home stations of America, both Active, Guard, and Reserve, to demobilize our Reserve units, to care for our soldiers, to care for their families, to welcome them home in all the ceremonies that you addressed and that you have seen on television, and then integrate the Active Army back into their bases and back into their training, and to integrate the Reserve component individuals and units back into their armories and their society and their jobs.

We are going to pay as much attention to doing that as we have paid in building this great Army.

BUILDDOWN

When we look to the future and building the Army down, we will reshape the Army with a continued strong commitment to quality, to fairness, to retaining the high standards of training and readiness of our units—Active, Guard, and Reserve—and caring for the outstanding men and women of our Army. It is our intent as we shape the Army down, build it down, that we will pay equal attention to equal opportunity, to all the programs affecting the family and the quality of life, to ensure that the Army that we build in its smaller state will be as good and, hopefully, better than the outstanding Army we have today.

To do that, we will need continued support of your committee and the Congress, support in our recruiting programs that have built the quality force we enjoy, support, as Mr. Jehn suggested, in the pay and compensation systems to properly pay the young men and women who present themselves for service, and the family programs that are so important to the total quality of life of our and your Army. We are committed to that and I look forward to discussing it with you further and to working with you and your staff during my tenure as DCSPER of the Army.

Thank you, sir.

[The statement follows:]

STATEMENT OF LT. GEN. WILLIAM H. RENO

Mister Chairman and members of the committee, it is indeed a pleasure to appear before this committee and discuss those programs that are so critical to sustaining and shaping your great Army.

The people of this country have an Army of which they can be justifiably proud. The Army has over 300,000 men and women deployed in Southwest Asia. The performance of our soldiers in liberating Kuwait and defeating the Iraqi Army has been outstanding. This is a total Army effort with Active, U.S. Army Reserve and Army National Guard units, Individual Ready Reservists and Department of the Army civilians serving together to achieve this great victory. Our plans, our training and your support over the last 10 years have made this possible. Each man and woman in uniform thanks this committee for its support.

THREE VECTORS: DESERT STORM, READINESS, RESHAPING

Since August 2d of last year, the Army has moved along three vectors simultaneously. We have supported and fought in Desert Storm. We have maintained readiness world wide throughout the Southwest Asia crisis. And we have continued to plan and prepare for the difficult and dramatic reshaping that confronts us. No one vector is separate and distinct from another; they are related.

My statement today reflects that relationship. While Desert Storm is not completed, its success sets the stage for new focus on reshaping and continued readiness. The personnel policies and programs that will lead to a smaller Army must be as intelligent, effective and fair as the ones which served us so well over the past decade.

IMPACTS OF DESERT STORM

Requirements of Operation Desert Storm demanded some extraordinary personnel measures in supporting the campaign. We interrupted planned force reductions and increased our strength temporarily. Today the strength of the active component is about 744,000 along with 6,800 TTAD reserve component soldiers and recalled retirees which add to the authorized active component end strength. We have activated also over 140,000 other reserve component soldiers to support Operation Desert Storm. The strength of the remaining Selected Reserve stands at 609,791.

One important part of our personnel manning strategy was implementation of Stop Loss. In this program, soldiers scheduled to end their active or reserve service were extended indefinitely. Stop Loss was and is important to us for two reasons. First, it permitted us to stabilize the force world wide. Even as our attention was focused on Southwest Asia, we had to maintain Army readiness around the world. Stop Loss, combined with indefinitely extending foreign service tours, maintained the strength and cohesion of Army units world wide. This stability ensured readiness and allowed us to turn our attention to supporting the force in Saudi Arabia. Secondly, Stop Loss allowed us to keep trained, experienced soldiers on active duty, minimizing the number of reservists we were required to call-up.

We did not totally suspend separations. We continue to separate those who reach mandatory retirement, those with extreme hardships and those whose conduct is unacceptable. I can tell you that the number of hardship requests has been very small. Once the situation in Southwest Asia is stabilized and relevant political decisions made, we will phase out Stop Loss expeditiously, releasing affected soldiers as quickly as possible. We will phase these separations to ensure we do not forfeit the readiness we have worked so hard to achieve. However, we intend to be sensitive to the needs of the soldiers and their families.

In addition to Stop Loss, we also suspended our involuntary loss programs. We felt it both incongruous and insensitive to notify a soldier in the desert, in harm's way, that he or she was being involuntarily separated. This suspension affects both enlisted and officer programs such as: Qualitative Management Program (QMP), Selective Early Retirement Boards (SERB), Reduction in Force (RIF) and Regular Army Probationary and Conditional Voluntary Indefinite (RA/CVI) boards.

Given the increased active component end strength at this point in the FY, we will not be able to attain the congressionally mandated end strength of 702,000 by the end of FY 1991. We will exceed active component end strength as well as congressional limits on senior non-commissioned officer (NCO) strength, officer end strength and DOPMA grade ceilings. We estimate that we will exceed the active component end strength by a range of 15,000 to 63,000 depending on final redeployment plans. We estimate that we will exceed the 3 percent NCO grade limit by approximately 500, the officer end strength in the range of 4500–9500 and the DOPMA grade limits in the range of 1800–4500. We have requested relief by the Congress from the active component end strength and the senior NCO grade limits as part of the Desert Shield Supplemental Budget request. The Secretary of Defense has authority to suspend the laws governing the officer end strength and the DOPMA grade table limits, and we have requested he do so.

It is important for the committee to understand that as we request authority to exceed these limits, the Army is not acting in a cavalier manner. Our officer and enlisted accession programs are programmed against the FY 1995 end strength target of 535,000 rather than our current strength or our programmed FY 1991 end strength of 702,000. The senior NCO and officer promotion plans are based on the FY 1991 programmed end strength of 702,000. We are not using the increased end strength of Operation Desert Storm to over access or over promote.

We do understand and plan that when the operations in Southwest Asia finally end and relevant decisions are made on deployment, we will quickly resume programmed reductions. In fact, the measures selected to increase the Army's strength temporarily were selected because they are, in the main, reversible. As Operation Desert Storm decisions are made, we will more accurately project the reductions that can be prudently attained with readiness for the force and fairness for soldiers and their families.

RESERVE COMPONENT MOBILIZATION

Operation DESERT SHIELD/STORM marked the first use of Presidential Call Up Authority under Title 10 USC 673b, and the most significant use of Partial Mobilization authority since the Korean War. The initial call up of Reserve units occurred on August 23, 1990, only 21 days after the Iraqi invasion of Kuwait. As the crisis in the Middle East developed, the need and subsequent authorization for additional Reserve Component personnel increased, culminating in the Partial Mobilization authority of 220,000 under which we have been operating.

The Army has activated 1,033 Reserve Component units with 69 percent of them (708) actually deployed to Southwest Asia. These units are providing combat forces as well as combat support and combat service support services, such as transportation, water, petroleum, linguist and military police functions. Forty-one (41) are backfilling VII Corps units in Europe and 284 have been integrated into the CONUS sustaining base. These Army National Guard and U.S. Army Reserve units consisted of 124,815 soldiers. Reserve Component units have contributed significantly to the success of Operation Desert Storm. As shown in Figure 1, 25 percent of the personnel currently serving in Southwest Asia are members of the Reserve Components.

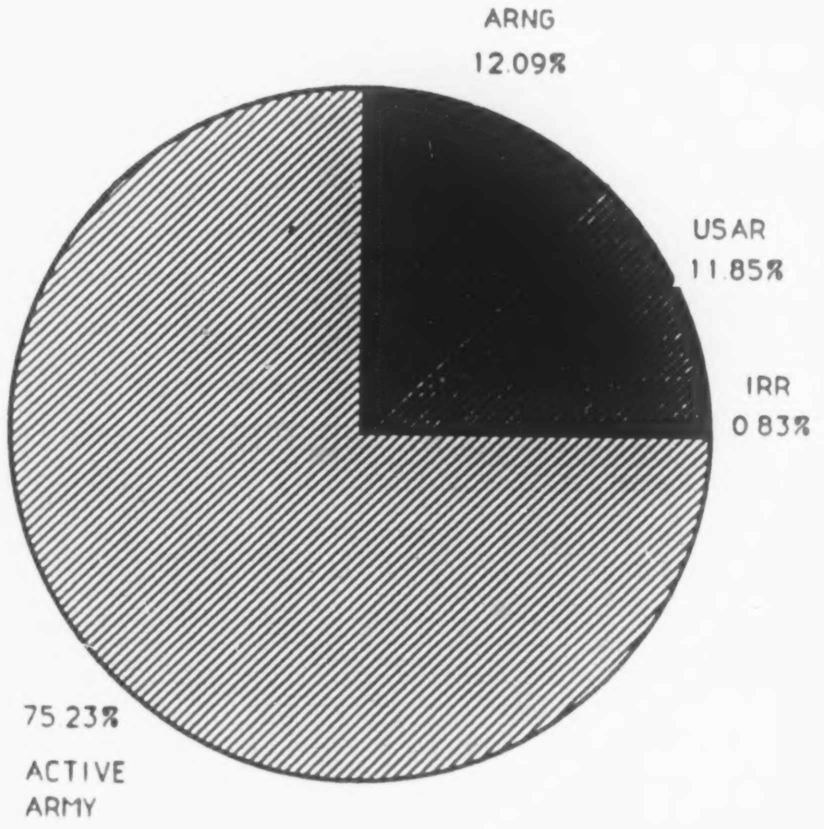


FIGURE 1

From the beginning of Operation Desert Storm, over 22,000 retirees, reserve component unit members, Individual Ready Reservists and civilians have written or called to offer their services to the Army. Volunteers were matched by grade, specialty, and training readiness and ordered to a temporary tour of active duty. To date, volunteers have accounted for approximately one-third of the 21,978 individuals ordered to active duty, and all volunteers who matched requirements were called in order to minimize the number of IRR soldiers called to active duty involuntarily. Importantly, Commanders throughout the Army attested to the high state of preparedness and motivation embodied in each IRR soldier. They have also done a great job.

RESERVE COMPONENT INDIVIDUALS ON ACTIVE DUTY AS OF 6 MARCH 1991

	Volunteers	Involuntary	Total
Retirees	1,167	126	1,293
Temporary tour of active duty	5,528		5,528
IMA		1,494	1,494
IRR	818	12,845	13,663
Total	7,513	14,474	21,978

FIGURE 2

Of particular note is the large number (1,167) of retirees who were quick to volunteer and assume duties in CONUS, Europe, and Southwest Asia. This group of knowledgeable and experienced veterans was invaluable taking the place of active component doctors, nurses, pilots and technicians who were then available for deployment to Southwest Asia.

Equally impressive was the response to the Army's involuntary call-up of the Individual Ready Reserve. Of the 20,920 soldiers ordered to active duty by Western Union Mailgram from the Army Reserve Personnel Center in St. Louis, only 223 have as yet not been accounted for and only 4 have been declared Absent Without Leave.

To date approximately 2,738 of the IRR soldiers called to active duty have been accessed, trained, equipped and deployed to Southwest Asia; another 4,488 deployed to Europe, and 2,818 were assigned to units within the United States. There were 3,619 still in training. These soldiers were released from active duty, starting on 4 March, with due recognition for their services. Orders for those who had not reported were canceled. To ensure accuracy of data used for future planning, each soldier's status was determined, and he or she was advised that had the operation continued, he or she would not have been released from active duty. Figure 3 represents a more detailed breakdown of the Individual Ready Reserve call-up.

Individual Ready Reserve callup data as of 6 March 1991

Total mailgrams sent	20,920
Processing for address	–1,016
Mailgrams delivered	19,904
Revoked	913
Requested exemption	945
Requested delay (revoked)	666
Total not accessed	–2,524
Total available for duty	17,380
Released from active duty	–3,494
Unaccounted for	–223
Total on active duty	13,663

FIGURE 3

Because of this partial mobilization, we did not fully use the Mobilization Personnel Processing System (MOBPERS), which is the Army's management information system for mobilizing replacements and filler personnel. The limited number of personnel required for Desert Storm and the lack of train-up time mandated that only those most qualified and experienced soldiers be involuntarily called to active duty. For this reason, we concentrated on calling soldiers who had been released from the active Army or reserve unit duty within the past twelve months. While these soldiers were technically deployable, they were each given a thorough training evaluation and received refresher training at mobilization stations and TRADOC schools. Each was certified as being trained to standard prior to deployment to Southwest Asia or elsewhere within the Army.

Operation Desert Storm also provided another "first" for the Army—execution of the CONUS Replacement Center (CRC) concept. This, too, has been a highly successful and important phase of the operation. The activation of CONUS Replacement Centers at Ft. Benning, Ft. Knox, and Ft. Jackson, each staffed with approximately 80 personnel from the U.S. Army Reserve, provided the Army maximum command and control of individual replacements. We not only processed military replacements but also processed civilians deploying to the theater. This was done to ensure standards were met in survival skills, particularly chemical warfare. The CRCs allowed us to focus logistical support to ensure every soldier and civilian was equipped and processed properly and to make efficient use of air transportation to the theater. Some of the tasks accomplished in these CRCs were: issue and zero rifles, issue and fit protective masks, complete pre-deployment inoculations, and training in chemical warfare.

Even before the beginning of the ground phase of Desert Storm, the Army began preparing to bring our soldiers home. The personnel management plan we have developed is based on three fundamental principles. First, we will and must sustain the readiness of the Army as we redeploy, demobilize, reconstitute and reshape the Army. The second is to ensure we attend to the needs of individual soldiers and their families. To this end, we are planning adequate decompression time, continuing family support, welcoming ceremonies, and reintegration into the reserve component structure. Our third major concern is to ensure our actions support shaping the Army of the 1990's and the many force structure and stationing changes planned to implement DOD and congressional guidance.

RECRUITING AND RETENTION

Success on the battlefield is predicated on the quality of the soldiers we recruit and retain. Desert Storm has again proven the value of quality soldiers and leaders. The international environment with its continuing threats to peace in the Middle East and elsewhere requires nothing less than an Army filled with quality soldiers to accomplish its mission. As the Army is reduced in size, the focus on quality is more compelling. The technology of today's and tomorrow's weapon systems, the sophisticated tactics required to fight and succeed, and the soldier flexibility necessary to accomplish the mission contribute to the strong need for continued support of recruiting and retention programs.

Competition for these quality youth and for scarce resources is increasing. To sustain the quality gains of the recent past, adequate recruiting and retention resources must be provided. We must have proper incentives to recruit and retain these quality soldiers in both the active and reserve components.

The Montgomery GI Bill, with the Army College Fund, has been instrumental to the success of achieving quality for your Army and, through these great young people, the success in Operation Desert Storm.

The Army College Fund Plus (ACF Plus) has been highly successful in attracting and enlisting quality men and women in specific difficult to fill specialties. This program which ties a reserve component commitment of 2 years to active duty for 2 years has expanded the recruiting market for quality youth and attracted quality men and women who might not otherwise enlist. Since 1 July 1989, 6,019 youth have enlisted for this program to include 1,542 women.

While the Army did miss its new contracting goals in September through November 1990 and January 1991, it has continued to exceed its accession mission in FY 1990 and to date in FY 1991. In FY 1990, the Army actually accessed 89,617 soldiers against a mission of 87,000.

In the first quarter of FY 1991, the Army accessed 26,936 soldiers which was 1,236 or 5 percent above the quarterly goal of 25,700. As of the end of January, the Army had achieved 106.5 percent of the cumulative 1st Quarter accession goal. For FY 1991, 66 percent of the annual goal of 88,000 accessions was accessed or contracted during the first 5 months of the year.

The quality of these new soldiers is exceptional. Through January, the non-prior service quality achievements are 96 percent high school graduates, 72.9 percent scored in the top half of the entrance test—the Armed Services Aptitude Battery (ASVAB)—and only 1.6 percent of the accessions scored in the lowest allowable range. For the whole year, the accessions plus those in the Delayed Entry Program (DEP) continue to reflect strong quality achievement with 97.2 percent high school graduates, 77.4 percent in the top half and only 1.1 percent in the lowest range of the ASVAB.

Reserve component recruiting through January shows an overall decline. The Army National Guard achieved 72.0 percent and the Army Reserve 76.9 percent of their respective missions. Curtailment of recruiting for activated units and STOP LOSS contributed to some of this decline. The Army adjusted our reserve component policies to provide more opportunities for enlistments. We continue to focus on quality and have set improved quality marks for the Army National Guard and Army Reserve. We must retain a suite of incentive programs to support reserve component manning.

As we reduce the size of the Army, we will reduce the number of high quality young men and women recruited and retained in the force. Several changes must be made to our retention program in order to support the reshaping plan. First, we will retain the best soldiers. Those separated will be targeted to our reserve components, which will continue to fulfill an important role under mobilization, as evidenced in Operation Desert Storm. We will reshape our reenlistment options to align them with our needs. At the same time we will keep those options that will help us retain those very high quality soldiers and place them in critical skill and leadership positions. As you can see, we cannot allow all soldiers to reenlist, but our policies will ensure that quality soldiers are given the first opportunity to stay in the Army. Retention incentives will be vital to this effort.

ADVERTISING

Advertising has both an immediate and long term impact on quality recruiting. Recent reductions in recruiting resources have resulted in advertising funding levels that are at their lowest effective level in media buying power since the inception of the All Volunteer Force.

In the near term recruiting environment, we know that our prospect market continues to shrink, and propensity for Army service still lags behind the Air Force. We also find the business and education sectors vying for the same limited quality manpower resources. Such conditions create an increasingly competitive environment, placing additional demands on recruiters. A viable advertising program ensures that our prospect audience is aware of Army benefits and opportunities and increases propensity to consider the Army option, thus contributing directly to recruiter success.

We also believe advertising is critical to long term recruiting success, and indeed perhaps to the All Recruited Army. To make that case, we must move beyond consideration of just our Male 18–24 target audience and address the effects of reduced resources on others who form an important part of the recruiting equation.

Our current advertising strategy, Army Advantages, was implemented in January 1989 and aims to make recruiting easier and less costly over time by ensuring that the public understands that Army service contributes to civilian career success. We have learned from motivational research that young people place high value on civilian job success but are not convinced that Army service will help them attain it. Labor market research published in 1986 has given us, for the first time, grounds for refuting that misperception.

Supported by a sound advertising program, recruiters in the latter half of the decade will find many more qualified people ready and anxious to talk about Army service because those young people will have grown up understanding the Army is an advantageous option.

In order to ensure the success of this strategy, it is imperative that the advertising budget be adequately resourced and that we be successful in sustaining a quality force in the future.

HUMAN RESOURCES

I would not be providing you a complete picture of the personnel program if I did not address the Army's Human Resources Programs. One of the first things I did as the DCSPER was to establish a Human Resources Directorate, under a brigadier general, to ensure that the gains of the past 10 years were not lost as we reduced the force and that our plans for reshaping the Army considered human resource impacts.

The number of women officer, NCOs and enlisted personnel continues to increase in today's Army. I am confident that we will continue to provide full and equal career opportunity for women. We are assigning them in all skills and positions except those closed by the Army's Direct Combat Exclusion Policy. Currently 86 percent of all enlisted Military Occupational Specialties (MOS), 91 percent of all warrant officer specialties and 96 percent of all commissioned officer specialties are open to women. Women comprise 11.4 percent of the active component, 20.5 percent of the Army Reserve and 7.1 percent of the Army National Guard. Women account for about 9 percent of the force deployed to Southwest Asia where they performed with both distinction and courage.

As the total active force decreases, there will also be reductions in the number of females. However, we plan to enlist the same proportion of female soldiers in the future as we have in the past and this will cause incremental growth in the proportion of females in the Army. Plans call for accession programs which will ensure that female officers remain at or above 12.5 percent of the force starting in FY 1991.

One of the most emotional issues, and certainly one of the most highly publicized, is the policy on assignment of single and dual military parents. Our policies are longstanding, effective and, I submit, worked well in Operation Desert Storm. They were not developed in haste nor specifically for Operation Desert Storm. Currently we have about 45,650 single parents—31,850 men and 13,800 women—and 51,849 soldiers married to another military member—33,179 men and 18,670 women. Of the couples, 35,012 are enrolled in the Married Army Couples Program which is a voluntary program to identify couples for joint assignment as much as possible. We have about 16,104 single parents and 2,462 dual military couples enrolled in the Married Army Couples Program who are deployed to Southwest Asia.

Single and dual military parents are required to maintain an up to date Family Care Plan which includes provisions necessary to care for dependent family members upon the soldier's deployment. These plans are reviewed and validated annually. If the commander finds the plan to be inadequate, the soldier must bring it to standard or face separation, voluntarily or involuntarily. Members of the Selected Reserve are subject to the same provisions. Individual Ready Reservists are not required to comply with this requirement until they are activated. At that time, they are given time to develop an acceptable Family Care Plan or they are released. We have many studies that indicate single parents and dual military parents do not have a negative impact on readiness because they have planned for the eventuality of deployment and have provided adequately for their dependent family members. We are an all volunteer force, and the vast majority of our single and dual military parents acclimate to their situation and perform magnificently as they have in Southwest Asia.

The troop reductions of the 1990s will be different from all previous reductions. This time we will reduce a high-quality volunteer force that enlisted with an implied opportunity and an expectation for a worthwhile career. Minority group members comprise over 40 percent of the total enlisted force. Blacks make up 32 percent of the total enlisted force. Black women make up 49 percent of all enlisted females. They are the majority in career fields such as: Supply & Services 55 percent; Petroleum & Water 58 percent; Administration 52 percent, and Food Service 54 percent. If large cuts are made in these career fields, black soldiers could represent a higher share of the reductions.

As a world class equal opportunity employer, the Army is very sensitive to potential impact of force reductions on minorities and women. Therefore, I can promise you we will work our reduction programs with that in mind.

TRANSITION BENEFITS

Our mission to sustain a quality force is dependent on our ability to recruit and retain quality. As we transition to a smaller force, we cannot forget the people who volunteered to become part of the Army, met our standards for retention, but who will be asked to depart before completing a full career. In compliance with the FY 1991 National Defense Authorization Act, the Army Career and Alumni Program (ACAP) was established to provide a comprehensive system to assist transitioning Army personnel in a caring, organized and disciplined manner. ACAP is targeted to service all transitioning personnel; active and reserve component soldiers, civilians and their family members.

ACAP will synchronize current transition services and provide, at selected installations, Army-wide ACAP Transition Assistance Offices and contracted Job Assistance Centers. Designed as an enduring program, ACAP will provide support to an estimated 180,000 to 220,000 separating personnel annually, with the capacity to surge in order to meet the needs of those being involuntarily separated. This program will support our soldiers and civilians around America as these great young Americans will be returned to society, having gained the values and ethics of service. Resources are budgeted to fund this critical program.

Ultimately, ACAP will promote the Army's ability to recruit a quality force in the years ahead. The package of transition benefits in the FY 1991 Authorization Act is very comprehensive and will ease the burden on those enduring involuntary separation during the build down. One inequity that remains is the unemployment compensation available to involuntarily separated military personnel compared to that available to civilians. There are several bills pending in both houses to rectify this inequity. We ask your support to make unemployment compensation for involuntarily separated military personnel the same as is available to civilians.

COMPENSATION

The Military Compensation System must support manpower readiness requirements of the Armed Forces and should further the concept that a military career is a dignified, respectable, and honorable profession. Military compensation must be sufficient for Service members and their families to maintain a standard of living commensurate with the level of responsibilities inherent in their service to country and within those standards of living expected within our society. Although patriotism is basic to an individual's commitment to serve a career in the Armed Forces, at the same time, patriotism by itself is neither adequate motivation nor adequate compensation for a career.

CHILD CARE, COMMUNITY, AND FAMILY SUPPORT

The Army is fully implementing the Military Child Care Act of 1989. Oversight requirements and directed staffing and funding levels have been met. In FY 1990, the Army provided child care services for over 174,000 children of soldiers and Department of the Army civilians. However, a waiting list of over 23,000 remains. GAO and Department of the Army Inspector General studies have found current facilities are insufficient to meet the demand. Child care center hours have been expanded, alternative care programs established and support groups established for child care staff whose spouses deployed in support of Operation Desert Storm. We are closely monitoring the execution of funds and compliance with standards to reduce the probability of institutional child abuse and increase the availability of quality, affordable child care. Concurrently, we are developing a facility strategy to correct deficiencies in older child care facilities.

Family support and family assistance programs, which are critical to soldier and family wellness during peacetime, proved to be invaluable during Operation Desert Storm. Toll free telephone numbers, family support groups and family assistance teams are operating in each state. This has truly been one of the good news stories of Operation Desert Storm. You should share our pride in the outgrowth of support of families across America to support both our soldiers and the families they left behind.

Force reductions and smaller budgets pose unique problems for Morale, Welfare and Recreation funding. During the build down, nonappropriated funds revenues will decline significantly. Using nonappropriated funds to meet appropriated fund responsibilities puts further pressure on declining soldier dollars. MWR services will be needed more during the transition to a smaller force to care for the soldiers and their families as we deactivate units and involuntarily release soldiers. Adequate appropriation levels and reimbursement authority remain critical requirements for the Army. We need congressional approval to continue reimbursement through the process of reshaping the Army. The cap on FY 1991 reimbursements at the FY 1990 level is too low in light of the support that was required for Desert Storm. Relief from this cap is critical to provide commanders the necessary flexibility to execute the military child care requirements.

As we focus on the future force reductions, and smaller budgets, we cannot forget those who served honorably and are now retired. Medical care and full cost-of-living adjustments to retired pay and survivor benefit plan annuities are the most critical concerns. These men and women served with the knowledge that the nation would provide these benefits, and we should provide nothing less.

CONCLUSION

Let me conclude by reinforcing several points.

The Army recognizes that it will get smaller. We have planned for it, and we are prepared to execute that plan. We are concluding an important military operation. Our successes in Operations Just Cause and Desert Storm are the result of a decade of hard work, sacrifices and excellent support from the Congress and the American people. As we transition from Operation Desert Storm to the business of reshaping the Army, we must work together to ensure the gains of the last 10 years are not lost and that we treat our soldiers and their families with care and compassion. It is a mission that we can accomplish with the same success that we enjoyed in Desert Storm. I look forward to working with you to that end.

I appreciate the opportunity to appear before the committee and I shall be happy to answer any questions you may have.

Senator **INOUYE**. Thank you very much, General Reno.

Before we proceed any further, I would like to assure all of you that we consider this panel to be just as important, if not more important, than other panels because you can have the most sophisticated, smart systems, weapons, you can have the best aircraft, best ships, but if you do not have the men and women to man them, all we have is a hollow force.

Admiral Boorda.

STATEMENT OF VICE ADM. J.M. BOORDA, USN, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING, DEPARTMENT OF THE NAVY

Admiral **BOORDA**. Thank you, Mr. Chairman. I have a statement to submit for the record, with your permission, and I would like to make a few remarks.

First of all, it is a pleasure to come back before this subcommittee. You have been real supporters of the Navy, and in the past several months I think our men and women have certainly justified that support.

The issues we face as we work together—and you talked about them—as we try to support a strong Navy and Marine Corps team and to support the people who are the key to that team are often very complex. I would like to take a minute, though, because I believe that these very complex issues can be outlined in very straightforward and simple terms.

One issue of critical importance can best be explained by reviewing recent history in what is now the 20/20 hindsight of Operation Desert Storm. You will all remember the reprogramming difficulties we faced last year, and Jane McMullan helped us a great deal with that. There was simply not enough money in the personnel funds available to me to support the size force that we then had.

REPROGRAMMING

There were a lot of reasons for that, but we identified funds to be reprogrammed into the account. But then, for a variety of reasons, that reprogramming became a very tough goal to achieve. Had we not been able to reprogram that money, we would have affected over 32,000 sailors with involuntary separations, delayed promotions, transfers delayed or canceled, and more. If that sounds similar to what we are facing in the next year, I mean it to because I think there are lessons to be learned from this.

Readiness would have suffered even as the people themselves suffered. You took a leading role and you solved the problem. We got the funds moved. People in our Navy were properly cared for, and they responded. I will tell you a little more about how they responded in just a moment.

HIGH STATE OF READINESS

But what would have happened to our readiness, just when we needed it most for Desert Storm, if you had not helped us balance the personnel funds? It is hard to say exactly, but I can tell you what did happen because you helped. The Navy deployed over 120 ships on very short notice. Those ships included six carrier battle groups, two of which were on scene almost immediately after Iraq invaded Kuwait.

Navy amphibious forces, together with our Marine sister service, provided significant combat power very early in the operation and very quickly. All our ships and squadrons were fully manned, ready to go, and they were capable of conducting any assigned operation on the first day they arrived in theater. Navy medicine was also well manned, and they provided a large number of the beds early manned in the operation area, and the Reserves filled in behind them here at home.

It went just like we planned it. And there was more, a lot more. Almost 90,000 Navy men and women married up with a like number of our Marine sister service personnel were in the gulf doing what we expected them to do. But what would it have been like if we had broken faith with those 32,000 sailors?

We would have been scrambling to meet the commitment. I would have been shifting remaining personnel between ship and ship and squadron and squadron to try to fill the holes that we would have created only a couple of months before Desert Storm had started. It would have been a very different Navy in the gulf. Your help in reprogramming was not just another budget action that made a difference; it was a key action that let us be ready to do what we needed to do.

NEED FOR APPROPRIATIONS TO MATCH AUTHORIZATIONS

It also lets me make a key observation, or at least one I think is key. You must, if you expect us to deliver the combat capabilities that you desire and the Nation deserves, see that appropriations match authorizations. The personnel accounts are very heavily driven by entitlements. We have a payroll to meet and obligations to our people to meet as well. When appropriations and authorizations are out of balance, as they could have been at the start of Desert Shield had you not helped us solve the reprogramming issue, personnel leaders, such as those of us here, have no choice but to take actions to make obligations meet the funds available.

When that happens, the actions that we have to take hurt people, and that is wrong. And when we hurt people we hurt readiness. And that is the lesson of Desert Storm for people who manage manpower and provide the money for us to do our job.

RETENTION AT ALL-TIME HIGH

Now I said a minute ago I would tell you how our sailors responded to what you did. Retention was and is at all-time highs in the Navy. Over 40 percent—really it is almost 42 percent—of our first-term sailors are staying with us, reenlisting. Retention in all areas—officer, enlisted—are up. How will the post-Desert Storm era affect retention? None of us can really be sure, but all the trends are in the right direction.

Retention is the grade you and I get on our report card. It tells us in very clear terms what the sailor out there thinks about what we are doing, and right now we are both getting an A. I do not want to get a B or a C or an F.

Other key issues that we together must consider this year is how shall we reduce the force in a way that continues to keep faith with our people? The FY 1992 budget has a steep reduction ramp. But for Navy these numbers do not cause involuntary separations and they let us continue to treat our sailors with the dignity that they have earned. The funds go with that end strength in the 1992 budget must match the numbers of people.

RECRUITING FUNDS

We must also consider funds allocated to recruiting. Last year we operated in a euphoria surrounding the actions in the Soviet Union and recruiting funds were slashed. Perhaps the world is different now. We got a special taste of that difficulty in recruiting during the fall months right after the invasion. It got very hard. We are in tough recruiting months right now. February, March, April, and May is as hard as it can get for a recruiter. But they are doing OK, thanks to their magnificent efforts.

I think we need to look at recruiting and make sure we give them the tools they need to do their job because without recruiting of good people, as you have said, all those weapons systems do not mean anything.

We will have a force-shaping problem as we reduce in size, and what that means is that we will have to have people trained in the right skills and have them in the right places. That is not a particularly easy thing to do as you are getting smaller. That means a solid reenlistment bonus program and other bonuses that keep the right people in the service and the money to move them around and retrain them if we have to retrain a person because their skill is not the one we need any more but they still want to stay.

That part of our budget I think is well balanced. I think we have the right dollars in there and I am asking for your support because it is really important as I try to make it all come out right in the end, as we get smaller.

QUALITY OF LIFE CONCERNS

Though it is last on my list of things to discuss, it is first in my priority. We have got to take care of our people with decent housing, services they need to have an appropriate level of quality of life, and an environment that encourages the right people to stay with us. Our sailors have shown you they have the right stuff. There are no manufacturers who will come to this subcommittee to lobby for funding for them. There are no trade associations who see funds allocated for military personnel as providing jobs in your States. There is only you, the Members of the Senate, and us, the military leadership, to look after them and their families.

Last year, together, we had the right stuff, and we supported them and they responded magnificently. We need to have the resolve to do the same thing this year.

[The statement follows:]

STATEMENT OF ADM. J.M. BOORDA

I'm pleased to be here to discuss Navy's manpower program for FY 1992. Last year at this time, in our discussions on Navy manpower reductions and reprogramming, I talked about the importance of maintaining stability in our personnel programs -- to keep the faith with Navy people and to protect the combat readiness of the Fleet. I described how the Navy's retention and readiness would plummet without the required funding and the necessary number of trained, experienced men and women to operate and support our ships and aircraft squadrons.

Balancing priorities and making the hard decisions, you supported our reprogramming request for Fiscal Year 1990 -- giving Navy men, women and their families another good year of stability including:

o No delays in the hard-earned promotions of sailors and officers.

o No need to reschedule or freeze the permanent change of station (PCS) moves already planned and budgeted by Navy people and their families.

o No abrupt changes in the bonus programs that retain those in skills that are critically needed and in short supply.

o No requirement to force good sailors out of the Navy.

On top of your positive action on reprogramming, you approved a Navy manpower program for Fiscal Year 1991 to give Navy men and women yet another year of stable, predictable personnel programs; reasonable pay and benefits; and adequate quality of life for individuals and families -- even as the Navy reduced significantly in size. You gave us flexibility to reduce manpower levels without hurting sailors or mid-career officers. You gave Navy men and women a message, loud and clear: That they are important to you and the nation, and that any peace dividend would not come at the expense of their aspirations, their careers, or their families.

We are grateful for those key decisions you made on the 1990 and 1991 manpower programs. Navy men and women got your message and responded just as expected: Our retention rates of trained, experienced sailors and officers stayed healthy. In fact, they edged up to all-time highs in several categories. Our people continued to perform with motivation and dedication, and with the support of Navy families back home. As a result -- with the right people in the right places, the Navy was ready to respond quickly and effectively to Iraqi aggression, United Nations mandates, and the U.S. commitment in Operation DESERT SHIELD. Since the start of DESERT STORM, Navy men and women, together with their Marine Corps counterparts, have continued to perform exceptionally well in all aspects of the operation. We have more than 80,000 sailors on station -- at sea and in the desert -- and you can be proud of every one of them. I certainly am.

PERSONNEL FOR DESERT SHIELD AND DESERT STORM

DESERT STORM has created two divergent priorities in Navy manpower planning:

-- Our first priority is to make sure that the ships, squadrons, construction battalions, fleet hospitals, logistics units and all the other Navy commands and staffs committed to Operation DESERT STORM have the right personnel needed to accomplish their missions. The Navy provides the ships and support for amphibious forces, as well as the corpsmen, doctors, chaplains and other support personnel for Marine forces in the desert.

-- Our second priority in manpower planning is to maintain the flexibility necessary to come back to the glideslope for manpower reductions that are currently mandated for the Navy, and to do so without forcing sailors out of the Navy involuntarily.

To support the Central Command and General Schwartzkopf's campaign plan, Navy deployed many units that were scheduled for decommissioning, overhauls or time in their homeports. We also activated Naval Reserve units that have unique mission capabilities not present in adequate supply or -- in some cases -- not present at all in the active force. Finally, we needed to increase the manning levels in some units above their usual peace time complements to ensure they had the people necessary for sustained combat operations.

As a result of these actions, we have more than 610,000 people on duty in the Navy today, at a time when you directed us to be coming down we have budgeted for an active duty Fiscal Year 1991 end strength of 569,721. However, we have added personnel and enhanced our capabilities for DESERT STORM in ways that give us flexibility and options for manpower reductions downstream. We have done so by making full use of our ready and motivated active-duty force; augmenting them with well-prepared units and individuals from the Naval Reserve; recruiting some Navy veterans who have critically needed skills; and using "stop loss" only very judiciously when other alternatives cannot meet requirements for certain categories of personnel. Let me explain in more detail.

First, we are meeting most requirements with active-duty personnel in their regular assignments. When Operation DESERT SHIELD opened in August, we had Navy ships on the scene in the Middle East Force, augmented quickly by two aircraft carrier battle groups from the Indian Ocean and Mediterranean. All of these ships and aircraft squadrons had the right numbers of trained, experienced and motivated personnel on board to react effectively to fast-breaking events and mission orders. As our national commitment increased, we deployed additional units from the United States to Southwest Asia. Because our forces were well-manned, these often short-notice deployments required very few transfers and immediate augmentations of personnel.

Secondly, we are using Presidential authority to call up Naval Reservists to help meet essential manning requirements generated as a result of DESERT SHIELD and DESERT STORM. For example, when we moved doctors, nurses and corpsmen from our Naval Hospitals to deploy with two hospital ships, a fleet hospital ashore and Marine units, we called up reserve medical personnel to replace them in the most critical positions. In later months, when medical requirements grew, we called up additional reserve medical personnel to increase the patient capacity of the hospital ships, deploy two fleet hospitals, and support additional Marine units committed to the operation.

Other Naval Reserve units have mobilized to give us the port security, cargo handling, mine warfare, combat search and rescue, intelligence and other capabilities needed for operations DESERT SHIELD and DESERT STORM. Beginning in January -- when naval participation in the operation nearly doubled, we began calling up Naval Reservists to augment the crews of some deployed ships and squadrons to bring manning to levels needed for sustained combat operations. Many individual Naval Reservists volunteered for such duty.

To date, we have activated 17,830 members of the Naval Reserve and notified 3,014 more to be prepared for activation. More will follow. Their preparedness and their response to the call of duty have been impressive and gratifying to Navy leadership and deckplate sailors alike. And when their missions are completed, these Naval Reservists will be looking forward to returning to their families, homes and civilian jobs -- in turn helping the Navy get back on the glideslope for a reduced end strength.

In a third step to meet the requirements of Southwest Asia operations, we are recruiting several hundred Navy veterans who have certain skills and experience that are in short supply. We have thousands of Navy veterans who would like to come back in the Navy at this time, but we are being very careful because we don't want to add to active-duty end strength in a way that would impact the career opportunities of sailors already onboard or force us to separate anyone involuntarily after DESERT STORM. For the same reason, we have not significantly altered our non-prior service recruiting goals.

The fourth and last step that we are using very sparingly is "stop loss," the authority to delay the departure of personnel eligible for discharge, resignation or retirement. Based on weekly analysis of current and forecasted manning, we have applied stop loss only for three categories of Navy personnel:

- We first used stop loss in December for Navy personnel assigned to Marine Corps units in DESERT SHIELD. That action applied to medical personnel, chaplains and religious program specialists, and other personnel who serve with Marine Corps in DESERT STORM. We used stop loss in this instance to help sustain support and preserve unit integrity when the Marine Corps applied stop loss to their units committed to the operations.

When medical requirements increased in January with the growing possibility of hostilities, we applied stop loss to other Navy doctors, nurses, corpsmen, Medical Service Corps officers in eight specialties, and oral surgeons. We used stop loss only after taking into account on-board medical personnel plus those still available in the reserves, and determining that we could not meet the increased demand for medical support without each action. Our final application of stop loss was made to Navy Arabic cryptolinguists. As one would expect, their talents have been in great demand during DESERT STORM. The number impacted for FY 1991 is fewer than ten.

The total number of officers and sailors affected by stop loss actions to date is fewer than 9,000. Actually, based on current retention rates, we would have expected fewer than half of them to actually exercise their options to leave the Navy when they were eligible for separation or retirement. So we are holding relatively few people, with little long-term impact on end strength.

EXECUTING NAVY MANPOWER STRATEGY

By taking these approaches to the personnel requirements generated by Operations DESERT SHIELD and DESERT STORM, we are staying on course with the Navy manpower strategy we discussed last year. We are reducing our active-duty manpower using the same steps that you prescribed in the FY-1991 Authorization Act:

First, by recruiting only the minimum number of new enlisted and officer personnel necessary to enter our training programs and to meet our current and projected manpower requirements. On the officer side, we have reduced officer candidate schools to minimum student levels, lowered the number of students entering the Naval Academy, and reduced the number of Naval ROTC scholarships offered at civilian colleges and universities. To keep a smaller NROTC program cost-effective, the Secretary of the Navy came to the difficult decision in January to consolidate sixteen geographically colocated NROTC units into eight consortia and to close Navy units at five other schools. Those units will not close until 1996 to permit students already enrolled in Naval ROTC to graduate and be commissioned.

The second step in our manpower strategy is to retire enlisted and officer personnel who have completed their careers, making room for more junior people to earn advancements and pursue their own Navy careers. Officers are retiring under the maximum tenure rules of DOPMA, and enlisted personnel are retiring under the Navy's comparable policies of high-year tenure. In addition, because the FY-1991 Authorization Act imposed specific requirements for reducing officer personnel, we very reluctantly formed selective early retirement (SER) boards to identify captains and commanders for early retirement. This is the first time that the Navy has been required to use this option. Using the procedures specified in DOPMA, the SER boards convened in December and selected 442 officers to retire no later than August 1st, 1991. Although each and every one of these officers was notified personally and confidentially, it is a painful process and several have written to me citing their successful and faithful service, often including combat experience in Vietnam. I have responded to them -- and explain to you today -- that, given the requirement to reduce our officer strength rapidly, early retirements are much preferred to forcing mid-career officers out of the service without retirement benefits and the chance to complete their service careers. It is, nonetheless, painful for the officer and for the Navy.

The third step in our manpower strategy, and in the sequence you prescribed in the Authorization Act, is to control the number of enlisted personnel and officers who are permitted to transition into the career force after their first enlistments or periods of obligated service. We have not resorted to this step, nor to the fourth step of RIF'ing mid-career personnel short of retirement. By purposely avoiding these steps, we have maintained our standards and opportunities for reenlistment and advancement -- giving our men and women confidence and motivation as they do their jobs and pursue their careers. The reduction strategy you specified is a good one and we are following it.

Recruiting:

Recruiting results for 1990 were very successful and continue to be successful in 1991. In 1990, Navy achieved its highest quality in over a decade. We attained 100 percent of our enlisted accession goal of 70,492 with 63 percent Aptitude Category One (compared to 58 percent in 1989). Ninety-two percent were High School Diploma Graduates (Compared to 89 percent in 1989) and only 7.1 percent were in the lowest acceptable aptitude category (compared with 11.1 percent in 1989). We clearly turned the corner on a three year trend of declining recruit quality. And, for the second year in a row, we improved the quality of life indicators for recruiters. This is an area we have wrestled with for a long time and I am very proud of this achievement. Because recruiting is tough, high pressure duty, we focused on improving the working conditions of our recruiters. The efforts have been successful and recruiting is now recognized by the sailors in the fleet as a satisfying job. Navy recruiting is now made up of over 90 percent volunteers compared to just 35 percent only two years ago.

This motivated, volunteer recruiting force is more likely to succeed in finding the required high quality recruits who are such a critical element of our manpower strategy.

Retention:

The Navy retention picture for FY 1990 was the best in the post Vietnam era. So far in 1991, retention rates run even slightly ahead of the 1990 rate. We have not seen any negative impact from DESERT STORM at this point. Actions taken in Congress have been major contributors to this success. Congressional support for Selective Reenlistment Bonuses (SRB) as well as support for the Permanent Change of Station (PCS) program is yielding results. We have been able to target SRB funds to selected mission critical, sea duty intensive, skills which have generally lower retention rates and have been able to maintain readiness and manning levels. Because of adequate PCS support, Navy has also been able to stabilize sea/shore rotations and to move people at their expected rotation dates. We have been able to coordinate force structure reductions with personnel reductions so that the balance of requirements and people available to fill them is maintained. In doing so we have been able to avoid involuntary separations. We have not had to break faith with our mid-career sailors and force them out of the Navy. Additionally, judging from responses to our separation questionnaires, the increased visibility provided to quality of life issues such as child care and military housing has proven to be a success. The actual gross enlisted retention figures for FY-1990 were:

1st term - 38.3%
2nd term - 55.7%
3rd term - 70.6%

In related actions which enhance recruiting efforts, Navy has capitalized on initiatives in reducing first term attrition, desertion and unauthorized absences. By screening out non-qualified candidates early in the basic training process, Navy concentrated more effort and resources on those with the potential to succeed and, as a result, it brings more eligible candidates to their first term retention point. Recruiting materials are more realistic and accurately depict the recruit training environment. No longer do we allow a sailor who has minor problems in early phases of recruit training the automatic option of separating from the service. We have implemented a discharge moratorium for minor issues during the first three weeks of recruit training. We have found that the success rate for recruits increases dramatically for those who make it through the first three weeks. Navy has expanded its treatment of minor correctable ailments at the recruit training center level. Finally, the "moment of truth" program which enables a recruit one last chance to declare any disqualifying information is credited with attriting some candidates before extensive training resources have been expended.

In FY-1990, first term attrition was 11.59 percent compared to 13.56 percent in FY-1989. Desertion is another indicator which shows the quality of the sailor and the job satisfaction they attain. Desertion for FY-1990 is 8.79 deserters per 1,000 compared to 8.97 per 1000 for FY-1989. (The 1980 figure was 27.0 per 1000). Unauthorized absences also are near stable with 17.41 per 1000 for FY-1990. (The 1980 figure was 82.0 per 1000). Retention, attrition, desertion and unauthorized absence are effective measures of the high quality of personnel which the force enjoys today. Navy saves resources each time a sailor reenlists or each time the desertion rate or unauthorized absence rate falls since resources are not spent to find and retrain a replacement sailor.

Officer Retention:

The FY 1990 results for overall officer retention were strong but we face continued difficulties in Aviation, Nuclear Power and Medical.

Aviation: The pilot midgrade shortfall was reduced by about 200 in FY-1990 to a level of 1100. Strong airline hiring continues into FY-1991, but the effects of Aviation Continuation Pay (ACP) and the Increased Aviation Career Incentive Pay (ACIP) are taking hold. Pilot retention in FY-1990 was the highest since FY 1984. Our estimate is that ACP is the key component in preventing an additional 120 pilot losses per year. Future pilot retention may be influenced greatly as a result of DESERT STORM and turmoil in the aviation industry. How much the excitement and thrill of military aviation is offset by factors of security and family separation is not likely to be observed until late FY 1991. We are of course, watching this closely.

Nuclear: The inventory of experienced O4 - O6's are still short by 25 percent of requirements. This shortage is most severe in the post-command officer ranks. Consequently, we continue to extend sea tours or assign back-to-back sea tours in order to compensate for the shortfall. Efforts to retain these critical officers through bonus programs and reducing operational tempo are paying dividends.

Medical: Because of higher pay and family stability in the civilian sector, the retention of medical personnel continues to challenge us. Aggregate FY 1990 retention showed modest gains but the rates for doctors and nurses remained well below desired levels. As of 30 September 1990, 4,195 physicians were on active duty as compared to 4,060 at end FY-1989; 3,057 nurses were on active duty as compared to 3000 at the end of 1989. The incentives contained in the 1991 DoD Authorization Act - Physician Special Pays, Nurse/Non-Physician Bonuses/Special Pays are expected to improve retention rates through FY-1993. The present DESERT STORM stop loss impacts most heavily on our medical professionals and it remains to be seen how they will respond post-DESERT STORM when the stop loss is lifted.

Selective Early Retirement:

The final element of our officer retention picture should include the results of our Selective Early Retirement (SER) review. This was conducted in December of 1990 in an effort to shape the force as Navy gets smaller. The board designated 299 captains (0-6) and 143 commanders (0-5) for early retirement. This will help our future efforts to reduce the force while avoiding adverse action to junior or mid grade personnel.

Joint Officer Management:

Navy has made significant progress in meeting and surpassing tour lengt requirements for joint service. The current requirement for tour lengths for 0-4 through 0-6 is 36 months and the FY-1990 Navy average length was 38.9 months. Flag officers are required by law to have a 24 month tour and Navy averaged 28.8 months for FY-1990. Navy's fill rates for assigning qualified joint officers into joint billets is also above the minimums. The fill rate for critical joint duty billets is required to be 80 percent filled by joint service officers, Navy is at 83.7 percent. The joint duty assignment list requires 50 percent fill with joint service officers and Navy filled 55.2 percent for FY-1990.

Women in The Navy:

Career opportunity and upward mobility for women continues to improve a women are assigned to an increasing number of billets open for them at sea. Currently, our 60,000 women make up 10.1 percent of the total Navy. Approximately 2,600 women are assigned to DESERT STORM including Hospital Ships, Tenders, combat logistics ships, military sealift command ships, construction units, fleet air reconnaissance squadrons, fleet hospitals and a public affairs unit. Women now make up 6.2 percent of total Navy E-6 through E-9 petty officers compared to 3.8 percent in the mid - 1980's. Within the female ranks, 16.9 percent of women are E-6 through E-9 compared to 8.7 percent in 1985. More than 8,100 enlisted women are now at sea and another 5,000 enlisted women are assigned to aviation squadrons. By the end of 1990, in a direct reflection of the rise of the number of service women, eight wome - 4 at sea, 4 ashore, were serving as Command Master Chiefs.

On December 27, 1990, Navy celebrated an important first as Lieutenant Commander Darlene Iskra assumed command of the USS OPPORTUNE (ARS-41). Commander Iskra, who is a special operations officer, is the first Navy woman to serve in command at sea. In December 1991, we expect to have our first female Commanding Officer of an AO-177 class replenishment ship. Of the 331 female officers at sea, eleven are currently assigned as executive officers.

Although force structure reductions are planned for certain classes of ships in which women currently serve, cuts are also being made to the units which are available to men. Therefore, reductions of billets for women will not be disproportionate.

Women at the Naval Academy:

As a result of concerns at the Naval Academy, Navy commissioned four separate reviews. The Navy and Naval Academy have taken the specific findings and recommendations from the four reports for action. Most actions have been completed, other longer term issues continue to be worked. I can assure you, the Naval Academy is committed to the principle of equality of women midshipmen. Important changes have been made to achieve that goal.

Navy Women's Study Group:

The Secretary of the Navy convened a follow-on Navy Women's Study Group in November 1990 to review the 1987 study of women in the Navy. This group was headed by RADM Roberta Hazard. They produced a truly significant report which was briefed to Navy's leadership in mid February of 1991. The study reviewed in-depth some 20 areas of concern to women (e.g. Career opportunity, pregnancy, equal opportunity sexual harassment, rape, physical fitness, fraternization, single parents, homosexuality, housing, medical care, uniforms etc.) and provided 150 recommendations on actions to help improve each area. Navy is now engaged in implementing these recommendations.

The findings and recommendations of the report were generated from a comprehensive, 10 week study, conducted by 26 Navy men and women who represented the spectrum of officer and enlisted communities. All members had experience working with Navy women; 14 members had commanded naval activities afloat or ashore in which large numbers of women were serving.

In order to reflect the concerns and perceptions of Navy women and men in their results, the study group conducted over 4,000 surveys and 2,700 interviews of Navy men and women from 160 commands in 23 geographic locations world-wide.

The study group concluded that the majority of recommendations of the 1987 Study on the Progress of Women in the Navy are being implemented. As a result, the Navy has significantly improved the assignment opportunities for women officer and enlisted personnel, principally by opening to women billets on 24 ships of the Combat Logistics Force as well as two fleet reconnaissance squadrons.

The 1990 study concluded that improvements were also evident in other arenas as well. For example, it noted improved training and awareness regarding prevention of sexual harassment, and qualitative improvements in family services; morale, welfare and recreation; child care, and medical care programs.

They also found that the Navy still has important work to do to make progress toward its goal of full integration and assimilation of women within the constraints of the law. We are committed to do just that.

Shore Manpower Requirements Determination:

We have begun a five-year review of the Navy's shore manpower requirements. Upon completion we will have evaluated every shore billet in the Navy to ensure that we have the leanest, most efficient shore establishment possible. By the end of FY 1991, we will have completed roughly one-third of our review which is scheduled for completion in FY 1994.

OUTLOOK FOR 1992

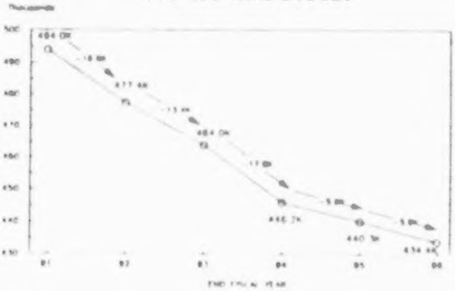
Up to this point I have presented a positive, optimistic Navy manpower picture where force structure and people are in balance. The potential does exist, however, to upset this delicate equation. I would like to review elements of the FY-1992 plan contained in the President's Budget and show how that plan is the correct one to maintain the balance.

BUDGET REQUEST FOR 1992

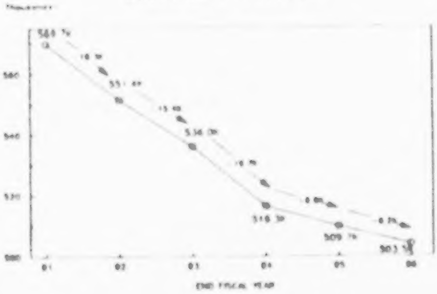
End Strength:

The FY-1992 budget requests 551,400 total active duty personnel. (graph 1) This includes 481,932 enlisted (including midshipmen) as well as 69,468 officers (graphs 2 and 3). The budget request represents a reduction of 18,321 when compared to FY-1991.

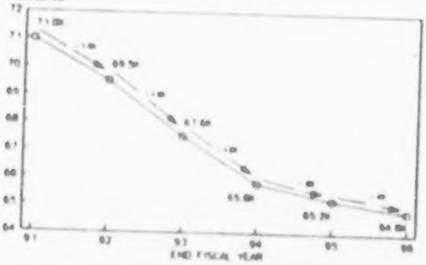
ENLISTED END STRENGTH
PRESIDENTIAL BUDGET



NAVY END STRENGTH
PRESIDENTIAL BUDGET



OFFICER END STRENGTH
PRESIDENTIAL BUDGET



The net reduction is a result of:

SHIP MANPOWER		
SHIP RETIREMENTS	-12,924	
SHIP TRANSFERS		-1,796
MANNING FOR NEW SHIPS	+6,288	
INCREASED UNIT MANNING	-893	
TOTAL		-9,325
NET SHIP MANPOWER	-9,325	
AIRCRAFT SQUADRON MANPOWER	+83	
FLEET SUPPORT MANPOWER	-2,264	
SHORE INFRASTRUCTURE	-6,815	
TOTAL	-18,321	

Navy Manpower End Strength is on a steep downward ramp from the current levels till 1996. There are several critical elements we must address in order to successfully reach this goal. First, we must continue to avoid the creation of a hollow force. We cannot afford to have more force structure to fill than we have qualified personnel to assign to that force. Officer and enlisted personnel must be accessed in quantity and quality to avoid creating future midgrade shortfalls.

Second, the desired end strength targets cannot be met solely through reduced accessions. Cuts to force structure may require continued selective early retirements as well as reduced officer and enlisted accessions. While the major emphasis will be placed on lowered accession goals, Navy needs to provide opportunity for advancement and promotion. Our current plan meets the Congressional objective to draw down first through accessions, next through retirement of eligible personnel, third by restricting entry into the career force and last by separating career personnel. We have only had to use the first two methods. These have been the basic elements of the Navy manpower strategy for some time. I believe our plan is very lean. Reductions to the officer end strength below the level contained in the budget will require separations through RIFs in FY 1992.

Third, Navy has introduced a new variable in the force mix - the two-year obligation. This program is designed to attract 15,500 General Detail (GENDET) accessions in FY 1991. Since the term of contract is shorter, the introduction of this category gives us increased flexibility to manage strength issues while still maintaining near term fleet readiness.

The manpower plan which Navy has submitted for FY 1992 is sound. It will result in a dedicated and ready but smaller Navy. We have asked for the right number and the right quality of people to avoid hollow forces and unnecessarily lengthy assignments at sea. Personnel actions not accurately matched to force structure reductions will bring imbalance, hardship and reduced readiness. Approval of the plan will yield a strong manpower posture and continued high combat readiness as evidenced in Navy's DESERT STORM performance.

Military pay:

We also ask for your support for the basic tools to keep our personnel fairly compensated. A fair compensation package is essential to supporting our sailors and their families. It allows us to attract and retain the kind of people we need. Military pay raises have been significantly behind private sector wage growth. Since 1983, the Employment Cost Index (ECI) has exceeded military pay raises in every year except 1989. The ECI is projected to rise by 5.5 percent in 1992. Similarly the Consumer Price Index has exceeded military pay raises in all but two of the last nine years. The CPI for 1992 is projected to increase by 5.4 percent. The 4.2 percent pay raise requested in the budget should be supported.

Military Retirement:

One of the Navy's most important compensation incentives is the military retirement system. Maintenance of appropriate cost of living adjustments for present and future retired military members under age 62 is especially important to avoid a serious breach of faith with current members and retirees who pursued military careers with the expectations of a predictable retirement system. Further changes to the retirement system, which is one of the Navy's most effective incentives, could change the attractiveness of military service and have serious effect on retention and readiness.

I now would like to share with you my outlook on the specific manpower issues for 1992.

Recruiting:

Several of the factors which were helpful in our recruiting success in FY-1990 have been eliminated. Congressional reductions to advertising dollars in FY 1991 eliminated television advertising. Television advertising has proven effective in making contract goals with high quality recruits. It also has a major impact on increasing awareness of Navy career opportunities in the critical 18-21 year old market. Navy must fill an additional 7,000 technical first term billets through 1993 (above previous plans) to meet the demands of the advanced hardware systems being introduced to the fleet. Requirements for highly qualified recruits who are so very difficult to obtain are rising at a time when we are prevented from adequately reaching a critical portion of the eligible audience. I am sure we can meet the requirements of the Navy and continue to provide high quality candidates, but we can't do it by further cutting resources and putting the burden squarely on the recruiters' backs. They need your help.

Navy ROTC:

As force reductions are initiated, accession levels will be decreased proportionately. Therefore, NROTC accessions will be reduced over the next several years with reductions from the current level of 1,600 commissions per year to 1,100 in FY 1995.

Failure to adjust the NROTC infrastructure and consequent program overhead would have resulted in smaller less viable units and unacceptable increase in the cost per NROTC commission. Navy therefore took action to downsize the NROTC program. This action combines 16 geographically collocated NROTC units into eight new consortia units by 1992, and closes five less viable units by 1996. The result is a reduction of the number of NROTC units/consortia from 66 to 53, a reduction of infrastructure that keeps the Navy's ROTC production sources in balance with accession goals and scholarships. The NROTC program will remain the Navy and Marine Corps single largest source of unrestricted line officers. It provides significant numbers of quality officers to nuclear, aviation and surface communities. It is also a major contributor to the Navy meeting its minority officer goals.

Retention:

The challenge of high tempo operations and simultaneously reducing the force as it draws down through 1996 requires delicate handling. The unknowns introduced by DESERT STORM are certain to impact officer and enlisted retention. The full extent of the impact may not be known for several years. Whether the satisfaction of performing a splendid job in the nation's service can offset the rigors of war, the increased operating tempo, and increased family separations remains to be seen. We are retaining good people now and we must continue our important retention incentives. Congress should fully support proven programs such as the Selective Retention Bonus (SRB) and Enlistment Bonus (EB) programs. Our FY 1992 program will target only those skills with low retention rates and/or high replacement costs. The SRB program is extremely cost effective. For example, one Electronic Technician costs $42,610 to train through "A" school. Navy can reenlist that same technician for 6 years for a $20,000 bonus. We win two ways. We keep the trained sailor and enhance readiness and we save money. Because of historical attrition rates and current retention rates, Navy would need to access three recruits to replace the same technician at the six year point. Enlistment Bonuses are also very important tools to attract the very highest quality high school graduates into our most critical skills. Eighty percent of the EB program goes to recruit candidates who have elected to enter the Nuclear propulsion program. Continued Congressional support for these programs is essential to maintain Navy's balance as we shape a smaller force.

Officer Retention:

Aviation:

Navy is currently short about 1,100 pilots in paygrades 03/04. This is an improvement from the 1,300 which I reported last year. The shortage was caused by low retention in FY 1985 through FY 1989 as well as by low pilot training rates in FY 1978 and FY 1979. Nonetheless, despite 5 years of strong economy and unprecedented airline hiring, pilot retention has gradually improved. For example in FY 1990 overall pilot retention (combined Jet, Prop, Helo) met requirements for the first time since FY 1984. Although Jet retention is still significantly below requirements (34% vice 45% required), it has at least been stable rather than declining. While the future of airline hiring may be dampened by a downturn in the economy, the long term picture indicates that aggressive airline hiring will continue. The authority for Aviation Continuation Pay expires at the end of FY 1991. However, Navy believes we will continue to require the authority for Aviation Continuation Pay as a means to stabilize aviator retention. Navy also has to continue efforts to control non-monetary factors. Issues such as family separation, adequate flying hours for safety and readiness, quality of life and compensation programs are keys to solving our mid-career shortages.

Nuclear:

Attracting and retaining high quality officers into the nuclear power community is difficult and challenging. These officers are highly sought after in the commercial marketplace. Despite the planned reduction in numbers of nuclear ships, shortfalls will continue to exist in the grade of Lieutenant Commander through Captain. Nuclear Officer Incentive Pay (NOIP) and SUBPAY have been invaluable in retaining these high quality officers. Retention of these officers is vital to ensuring continued safe reactor operation.

Medical Officer:

Revisions to physicians' special pays as well as bonus/special pays for some nursing and non physician programs contained in the FY-1991 DoD Authorization Act should help in reducing shortages in the medical community. Your continued support in this area is greatly appreciated. The present "Stop Loss" during DESERT STORM and our lack of ability to make reliable post-DESERT STORM retention predictions is a concern. As a result it is important to continue incentives for medical department officers for the foreseeable future.

Training:

Within Navy, training is an important warfighting support issue. Our training effort begins with initial design of the weapon and provides for training for individuals, units and battle groups at all stages of weapon employment. The success of this continuum concept is evident in the readiness and performance of our personnel now in the Persian Gulf.

As Navy declines in size, our training infrastructure will also be reduced. Staffs at Navy training centers are being reduced and consolidated. We are seeking to offset funding losses through innovations such as closed circuit satellite hook-ups and software improvements for interactive training in classrooms. These initiatives are essential to stretch training dollars. Fortunately, Navy has never had a better trained, more highly motivated sailor graduating from recruit training and our initial training courses. One of the reasons is that training is being conducted in a cost effective way on some of the most technologically advanced training equipment in the world.

SPECIAL INTEREST:

I want to address an issue of special importance and fairness to a great number of sailors - The need to amend the Immigration and Nationality Act. This issue affects many Filipino sailors in the United States Navy who joined the service directly from the Philippines. The Department of Defense has endorsed proposals for several years now which would correct this matter.

Since most of our Filipino sailors enlist in the Navy directly from the Philippines without first attaining permanent residence status, they acquire no immigration status when they join the Navy. Because of the nature of their world wide naval service, few can qualify for immigrant visas and, in turn, for naturalization. These are high quality, well educated candidates. Competition for entrance into the U.S. Navy is intense. In 1990, more than 100,000 applied for 400 openings. All are high school graduates, most have some college credits, and many have completed college. They receive the same compensation as do U.S. citizens in the Navy and advance in the same way from seaman to Master Chief Petty Officer.

I encourage Congress to rapidly and favorably consider the proposals which have been already re-introduced in the House (H.R. 737) and passed unanimously by the Senate (S.296) to correct this inequity.

SUMMARY

Our men and women deserve our full support. They have it from this Navy leadership and from you, the Congress. We must ensure that the high level of support continues when the fighting ends.

The Navy's FY 1992 manpower program will provide that support. It supports the programs which will produce the right quantity and quality of sailor. The budget is based on the same rationale that produced the high quality force existing in the Navy today in the Persian Gulf. Your understanding and assistance in the past has enabled us to ensure that our sailors were ready. Your support for this budget will help us to be ready for whatever lies ahead.

APPENDIX A

The Military Personnel, Navy (MPN) Appropriation Request

The FY-92 MPN request is for an appropriation of $19,597,700,000 in obligational authority. This is a net increase of about $351 million from the current FY-91 funding requirement. The major factors include: annualization of 4.1% 1 January 1991 pay raise ($160 million); 4.2% pay raise effective 1 January 1992 ($538 million); variable housing allowance ($29 million); inflation ($16 million); offsetting decreases are: average strength reduction of 12,748 ($360 million); and $57 million decrease in Retired Pay Accrual. For FY-93, $19,892,700,000 has been requested, an increase of $295 million over FY-92. This includes: annualization of 1 January 1992 pay raise ($177 million); 4.7% pay raise effective 1 January 1993 ($597 million); and inflation ($15 million); an offsetting decrease of 15,861 workyears ($448 million); and Retired Pay Accrual decreases $51 million. The following paragraphs provide explanations on funding required for selected budget activities; and Chart A reflects funds requested for all six budget activities, as well as the percent of each to the total program.

MILITARY PERSONNEL, NAVY AMOUNT ($000) BY BUDGET ACTIVITY

BUDGET ACTIVITY	FY 1990	%	FY 1991	%	FY 1992	%	FY 1993	%
PAY AND ALLOWANCES - OFFICERS	4,530,685	23.8	4,646,545	24.1	4,738,436	24.2	4,818,049	24.2
PAY AND ALLOWANCES - ENLISTED	13,177,469	68.3	13,344,617	69.4	13,555,167	69.2	13,743,037	69.1
PAY AND ALLOWANCES - MIDSHIPMEN	40,037	.2	41,969	.2	42,151	.2	42,746	.2
SUBSISTENCE OF ENLISTED PERSONNEL	853,700	4.4	568,742	3.0	581,457	3.0	588,911	3.0
PERMANENT CHANGE OF STATION TRAVEL	588,846	3.1	604,768	3.1	636,934	3.2	654,936	3.3
OTHER MILITARY PERSONNEL COSTS	40,915	.2	39,826	.2	43,555	.2	45,021	.2
TOTAL DIRECT PROGRAM	19,281,652	100.0	19,246,467	100.0	19,597,700	100.0	19,892,700	100.0
REIMBURSABLES	124,281		314,800		320,700		347,900	
TOTAL FINANCIAL PROGRAM	19,405,933		19,561,267		19,918,400		20,240,600	

CHART A

1. Pay and Allowances of Officers. $4,738,436,000 is requested to support planned officer strength in FY-92. This represents a net increase of about $92 million from the FY-91 level. $4,818,049,000 is requested in FY-93 (a net increase of about $80 million from the FY-92 level). The increased requirements are attributed primarily to pay raise, variable housing allowance and special pay. The funds required in this budget activity are based primarily on the monthly strength plans and resultant workyears indicated in Chart B.

FY-91 AND FY-92 ENLISTED STRENGTH PLAN
(in thousands)

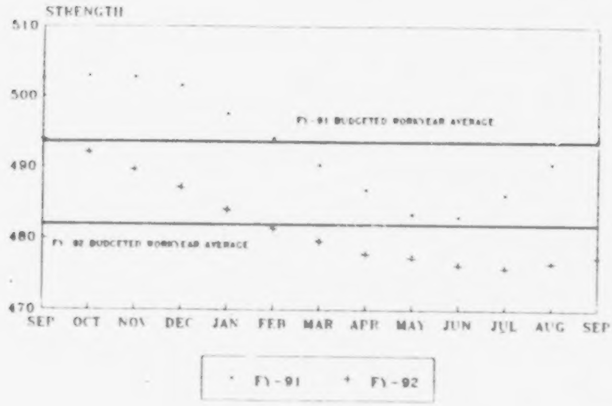


CHART B

2. Pay and Allowances of Enlisted Personnel. Planned enlisted strength will require $13,555,167,000. in FY-92. This represents a net increase of about $211 million over the FY-91 level. $13,743,037,000 will be required in FY-93--an increase of about $188 million. The increases are for pay raise and variable housing allowance.

The funds required in this budget activity are primarily based on the monthly strength plans and resultant workyears as indicated in Chart C. Budgeted workyears in FY-92 are 3,772 below a "straight line" computation between the end strengths of FY-91 and FY-92. For FY-93, budgeted workyears are 2,871 lower than the FY-92 and FY-93 end strength "straight line" computation.

FY-91 AND FY-92 OFFICER STRENGTH PLAN
(in thousands)

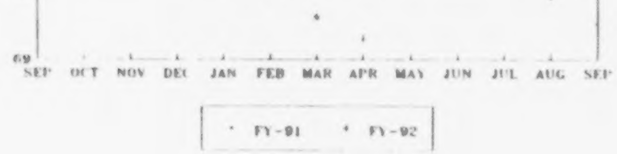


CHART C

3. Subsistence of Enlisted Personnel. The amounts required for Subsistence of Enlisted Personnel are $581,457,000 in FY-92 an increase of $13 million over FY-91 and $588,911,000 in FY-93, an increase of $7 million over FY-92. These increased requirements are due to the FY-92 and FY-93 pay raises; offset by workyear related decreases.

4. Permanent Change of Station Moves (PCS). The Navy PCS Program will require $636,934,000 for FY-92, a net increase of about $32 million from the funding level currently planned for FY-91. The FY-93 program requires $654,936,000, a net increase of about $18 million over FY 92.

The cost variances include pay raise, inflation factors and industrial funded service increases/decreases as provided by OSD. Chart D on page A-9 shows planned moves and average costs by travel category across the years. Navy's goal for fleet readiness is to man installations and ships with qualified personnel. Accession, separation, training and organized unit moves are mandatory when required to attain force levels and to provide training for that goal.

The Navy can only institute policies to change minimum move requirements for operational and rotational moves. The FY-92 and FY-93 moves represent 29 percent of the total Navy move program.

Only limited opportunities exist, however, to restrict these moves without upsetting efforts to maintain skill and grade balances and increase the career force. While the Navy continues to make every effort to minimize move requirements, adequate PCS funding is absolutely essential to recruit, train, develop, and retain the best fighting force possible.

We need Congressional understanding and support for the Navy's FY-92/93 PCS Program.

PERMANENT CHANGE OF STATION MOVES AND AVERAGE COSTS BY TRAVEL CATEGORY

	FY-90 ACTUAL		FY-91 ESTIMATE		FY-92 ESTIMATE		FY-93 ESTIMATE	
CATEGORY	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS
ACCESSIONS	80.233	782.37	81,674	761.83	74,856	737.82	74,022	770.26
SEPARATIONS	81,113	1,009.07	86,084	1,045.59	84,241	1,069.97	80,643	1,111.88
TRAINING	34,160	1,916.77	34,637	1,941.19	34,581	1,998.09	34,551	2,051.81
OPERATIONAL	47,330	3,038.24	44,940	3,151.00	46,036	3,265.64	46,104	3,368.12
ROTATIONAL	35.501	6,092.64	34,696	6,208.76	36,015	6,505.03	36,449	6,831.79
UNIT MOVES	5,696	3,500.00	7,174	3,833.43	8,051	4,302.57	8,004	4,981.31
TOTAL MOVES	284,033		289,205		283,780		279,773	
COMPOSITE AVERAGE COSTS		2,077.68		2,098.05		2,251.51		2,348.10

CHART D

Senator INOUYE. I can assure you, Admiral, we will do it.

A few years ago, I sent my staff assistant to Okinawa to visit the marines, and at that time General Smith was in charge of the marines there. On the question of family assistance, my assistant was so impressed he gave me a written report, and it might be of interest to the rest here.

The General was quoted as saying:

> I have the damned best family assistance programs in the Marines. I work them hard, I train them hard, I lead them to war, but I bring them back alive.

General Smith, sir.

STATEMENT OF LT. GEN. NORMAN H. SMITH, USMC, DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, HEADQUARTERS, MARINE CORPS

FAMILY ASSISTANCE

General SMITH. Mr. Chairman, I am pleased to be here and rather shocked at the last comment. But thank you very much, sir, because I truly believe there are a lot of things that go into family assistance. Family assistance is truly a yardstick of combat preparedness, and combat preparedness is the epitome and hallmark of the Marine Corps and the sailors serving with marines. I think this was rather demonstrably reflected these past several months, in a very tough area of this world, by the operations we conducted together with our sister services.

I certainly thank you, sir, and your subcommittee, for all that support because it paid off. It paid off in combat preparedness. Our marines and the sailors serving with the marines are the smartest bunch we have ever had. High-quality, hard-working, well-trained, innovative, skilled, and hard-driving people gave Saddam Hussein exactly what he earned and deserved.

BUILDDOWN CRITICAL

I think the premier challenge in the President's fiscal year 1992–93 budget is a request for 188,000 active duty end strength for fiscal year 1992 and 182,200 for fiscal year 1993 is to make sure we do the builddown right. All of you have reflected on that, and my colleagues have reflected on that. The Commandant has directed that we do not reduce our skills, our capability, and our readiness as an expeditionary global force. I will guarantee you, sir, that he will make sure our builddown happens that way.

Married up with expeditionary capability is family support. The Commandant is dedicated to ensuring that both work well, but again, sir, we need your assistance.

Now these glowing words are not meant to convey to you that I do not have any particular problems. I have three in particular, and I just want to briefly mention them to the subcommittee. First, the budget request before you has no flexibility in my personnel account. These strength reductions are going to be accomplished through normal attrition, reduced accessions, and retention controls. We will protect the qualitative edge of our tremendously skilled warriors that we have been able to recruit and keep our lean officer-enlisted ratio at 1:8.8. But I have had to eliminate some programs that we have relied on along the line. For example, I had to eliminate our Enlistment Bonus Program new payments over the next couple of years. Our new payments for aviation continuation pay are also eliminated. I had to reduce new payments by 25 percent in our Selected Reenlistment Bonus Program.

CIVILIAN MANPOWER REDUCTIONS

Second, necessary civilian manpower reductions are a tremendous concern to me. As I call them, civilian marines are that great continuity and great support that allowed us to get out and do the job in Southwest Asia. From 1990 to 1993 I have had to reduce almost 10 percent of our civilian work force. I consider that a real strain.

RECRUITING QUOTAS MET

Finally, you have already mentioned recruiting—and my friend Admiral Boorda mentioned recruiting—we, too, are meeting our recruiting quotas. I am surprised at it, quite frankly. We expected a real dive in recruiting. The months we are looking at now are tough. In the last 2 months our Marine Corps has made 102 and 103 percent, respectively, of our quotas, and surprisingly we are doing well. It shows a lot for what has been reflected out there in the high schools and on the streets of America. But we need financial support because the numbers of qualified people are declining to a low ebb in 1994. We do need continued support for addressing competition in the recruiting marketplace, competition not only among our services but the civilian enterprises as well. I know that you will be giving us that support.

So that is all I have to say right now. Thanks for the opportunity to talk to you. Thank you, sir.

Senator INOUYE. I thank you very much. This is just an aside, but I have always been tempted to introduce the Marines right after the Army because historically they have seniority over the Navy. But I have been advised that today's protocol will not permit me to do that. But someday I am going to do that—introduce the Marine Corps before the Navy.

[The statement follows:]

STATEMENT OF LT. GEN. N.H. SMITH

Mr. Chairman, distinguished members of the subcommittee:

It is an honor for me to appear before you again this year to present the status of Marine Corps manpower, to address our fiscal year 1992 and 1993 requirements as contained in the President's Budget, and to discuss our view of the future of the Marine Corps.

TOTAL FORCE

For a number of years Marine Corps manpower chiefs have testified about the Marine Corps' Total Force manpower concept and its associated policies. By integrating active and reserve forces, civilian employees, and our retirees under a single leader, we are able to consistently serve the nation as its premier force-in-readiness. It is our belief that the absolute foundation of the Total Force concept is our commitment to the highest Standards of Excellence. These standards beget quality Marines - quality Marines provide the readiness, responsiveness, versatility and capability to respond to the needs of the nation in crisis and in peace.

The crisis in Southwest Asia (SWA) has validated our integrated Total Force concept and the importance of building the force with quality people. From the start of the crisis, Marines in SWA have performed as you have the right to expect, and they have had the outstanding, responsive support of the other members of the Total Force.

Although the challenge in SWA is the point of main effort for your Marine Corps today, my remarks will focus on the challenge we will face when the storm in the desert has been stilled. That challenge will be force reductions. Our fiscal year 1992 - 1993 budget request addresses that challenge and simultaneously identifies our requirements for a ready, expeditionary, self-sustaining, versatile Marine Corps. In the budget years, fewer defense dollars will support a smaller Marine Corps - but a Corps which will be as ready and responsive to the future needs of the nation as the one which serves superbly today in Operation Desert Storm and elsewhere around the world.

ACTIVE FORCE REQUIREMENTS AND MANNING

The Marine Corps is requesting active duty end strengths of 188,000 and 182,200 for fiscal years 1992 and 1993 respectively. Although these strengths are achievable without excessive or capricious manpower actions, they reflect reductions which again cut into the muscle of the Marine Corps - its operating forces. Since our lean supporting and training establishments cannot sustain significant cuts, reductions necessary to reach 182,200 in fiscal year 1993 must come disproportionately from our infantry, artillery, armor, and combat support forces - forces which have already felt the effects of reduction actions in fiscal years 1989 through 1991.

The nation expects to have a versatile, responsive, combined arms capable Marine Corps which will be balanced, self-sustaining, and able to respond rapidly to conflicts anywhere in the world. To meet those national expectations at 182,200 will be very difficult. Below that strength, we will not be able to do all that is expected. Continued reductions below the 182,200 level will erode our balanced Marine Air Ground Task Force (MAGTF) concept and degrade our ability to rapidly respond and sustain ourselves. We will not be able to effectively maintain our three division/three air wing structure and we will lose capability to provide the nation with a force-in-readiness in a world of uncertainty.

The force structure reductions shown in our budget request were difficult to achieve. Based on our experience in developing the fiscal year 1992 - 1993 budget, I believe that there are two factors which should be weighed in future manpower reduction actions considered for the Marine Corps.

First, your Marine Corps can be protected from painful force reduction actions (i.e. involuntary separations, RIFs, etc.) precipitated by excessively steep reduction profiles. Major force structure reductions can be effectively managed, readiness protected, and the welfare of our people safeguarded if the rate of reduction is not precipitous. It is the steepness of reduction profiles, not the magnitude of the cut, which will cause turbulence and disruption of the force.

Second, the Marine Corps must be given the necessary flexibility to reshape the force in a manner that preserves readiness and a qualitative edge. Although reshaping the force may include additional manpower cuts, decisions on the size of the reductions must be preceded by two actions:

- Determination of a national military strategy and related Marine Corps missions.
- Determination of appropriate force structure and required manning levels.

Our end strength reductions in the budget years will be accomplished primarily through attrition, retention controls, and reduced accessions. We will protect our skilled Marines as much as possible and our officer-to-enlisted ratio will remain at the current level of 1:8.8.

Budget year changes to the Corps' force structure preserve the readiness of Marine Air-Ground Task Forces (MAGTF) while accommodating an end strength reduction of approximately 11,500. We plan to hold the manning of our Fleet Marine Force (FMF) units at the 90 percent level. We will continue to assign approximately 70 percent of all Marines to our operating forces, maintaining a traditionally high "tooth-to-tail" ratio between the operating forces and the supporting establishment.

MARINE OFFICERS

An effective officer corps is critical to Marine Corps readiness. Accordingly, we are managing officer reductions carefully with an eye on three objectives. First, we have planned to preserve the readiness and morale of our officer corps. Next, we have designed our officer plans to create a sensible balance between the retention of experienced, proven leaders and the accession of the young officers who will be the leaders of tomorrow. Finally, we have been sensitive to ensuring that all officers are treated with the respect and dignity they have earned.

Our reductions will be made by decreasing the number of accessions and by making use of the recently enhanced authority for selective early retirement (SER). We will increase separations by reducing augmentation opportunities, but we have no need to conduct a Reduction-In-Force (RIF). Our reduction plans fully comply with your desires and the Defense Department's uniform strength reduction policy guidance. The reduction profile for the budget years is shown below:

	FY91	FY92	FY93
Officer End Strength	19,757	19,180	18,591
Reduction From Prior FY	201	577	589
Percent Reduction From Prior FY	1.0%	2.9%	3.1%

The Defense Officer Personnel Management Act (DOPMA) grade table limitation to the numbers of field grade officers we are permitted to have on active duty remains a troublesome issue. The Marine Corps has valid requirements for approximately 700 more field grade authorizations than we currently possess. This situation continues to place us at a distinct disadvantage in meeting requirements to fill joint billets and results in average time to promotion (flow points) beyond DOPMA guidelines. We are currently preparing a request for a legislative amendment seeking a permanent increase in the Marine Corps field grade officer grade tables. We ask for your support in this matter.

Since my appearance before you last year we have made some positive strides in improving our aviator retention rates. We used the short-term provisions of the Aviation Continuation Pay (ACP) bonus program, paying $6,000/year for two years in return for a two-year active duty service obligation. Approximately 83 percent of the eligible Marines participated in the ACP program. Although we met our planned FY90 pilot retention goal, I am still concerned that we are short of most types of aviators. However, we believe that a combination of the current positive trend in retention and accurate inventory planning for the budget years will allow us to close the gap in our pilot shortages. We do not plan to utilize ACP in the program for this budget submission, but may have to reconsider that decision if our retention plans are unsuccessful. Eliminating pilot shortages will continue to challenge us since the availability of pilots is affected by traditionally high attrition rates, civilian airline poaching, national economic conditions, and uncertainty over the scope and intent of force reduction actions.

ENLISTED MARINES

The character, quality, and performance of our enlisted force is superb. We have worked very hard to ensure that our manpower management actions comply with the uniform strength reduction requirements, protect the quality of the force, and treat all Marines fairly.

Our reduction profile for the budget years is shown below:

	FY91	FY92	FY93
Enlisted End Strength	173,978	168,820	163,609
Reduction From Prior FY	2716	5158	5211
Percent Reduction From Prior FY	1.6%	3.0%	3.0%

Our reductions will be accomplished largely through reducing the number of accessions. Some reductions will also come from our career force. The Secretary of the Navy has authorized us to conduct an Enlisted Selective Early Retirement board (ESERB) in fiscal year 1991 to improve promotion flow and balance grades and skills. We intend to seek authorization to conduct ESERBs in fiscal years 1992 and 1993 as well. With the authorization of enlisted separation pay we will be able to more strictly enforce the high-year tenure provisions of our Enlisted Career Force Control (ECFC) program. Our budget reflects some transitory grade growth (less than one percent in higher enlisted grade seniority) in our enlisted force. We have also taken care to ensure that no element of our enlisted force bears an unequal share of the reduction.

We are similarly concerned about retaining our best Marines and the key skills they possess. The Marine Corps concluded fiscal year 1990 by attaining its first term reenlistment objective and most of the intermediate/careerist objective. Our future retention efforts will target quality Marines and the tough-to-replace skills that will be so important to a smaller Marine Corps. The Selective Reenlistment Bonus (SRB) has proven to be an effective retention tool for targeting critically short Military Occupational Specialties (MOSs) and keeping the right Marines on board. This program is important to us and one for which we seek your continued support.

MARINE CORPS RESERVE

Selected Marine Corps Reserve (SMCR) unit activations and Individual Ready Reserve (IRR) activations during Operation Desert Storm have justified our efforts to integrate reserve and active units into the Total Force. The smooth integration of reserve units with their active component gaining commands is a direct result of integrated training at all levels.

Let me give you a feel for the value of your investment in the Selected Marine Corps Reserve (SMCR). As of 10 February we had activated 20,652 members of units of our SMCR. This is approximately 55 percent of the 4th Marine Division, 4th Marine Air Wing, and 4th Force Service Support Group. Of the Marines activated, 74 percent are serving with our forward deployed MAGTFs in SWA or Okinawa. Ninety percent are assigned operational missions with our four MEFs.

Marine Reserve units have also, as a result of Desert Storm, assumed several active component missions. Reserves are providing the Air Contingency Force for FMF Atlantic and will participate in Exercise Battle Griffin, a major Northern NATO exercise. Other Reserve units have been activated for the Unit Deployment Program (UDP) for service with III Marine

Expeditionary Force (MEF) in the western Pacific. The 4th Marine Aircraft Wing has flown 9,500 hours in support of the active forces. Since August 1990, the 4th Marine Division has assumed the I MEF mission to support Joint Task Force - 6 in its efforts to stem the flow of illegal drugs across the southwest U.S. border.

Our fiscal year 1992 Reserve Personnel, Marine Corps (RPMC) request will support an end strength in the Selected Marine Corps Reserve of 40,900, a decrease of 3,000 from fiscal year 1991. Our Full-Time Support (FTS) fiscal year 1992 end strength request is for 2,170 Marines, the appropriate level required for administration and training support of the requested Reserve strength.

The Marine Corps Reserve continues to provide capable, and responsive forces to augment the active force. The Reserve Marines who have been ordered to active duty in support of Operation Desert Storm have clearly demonstrated that the Marine Corps Reserve is an indispensable part of the Total Force. A Reserve that is fully trained, fully manned, and in possession of modern equipment is vital to the sustainment of the active forces during high intensity operations.

CIVILIAN MANPOWER

The Marine Corps' Total Force is enhanced by a thoroughly professional civilian work force. Civilians fill a variety of professional, technical, trade, and administrative positions. Approximately 46 percent of the personnel working on our bases and stations are civilians. As outyear budget reductions dictate further military structure cuts, we see the civilian workforce playing an increasingly important role in the Total Force.

The civilian manpower structure currently authorized for fiscal year 1991 is austere. Our request for funding in the President's Budget supports a work force that is stretched to an irreducible minimum. I consider future civilian manpower reductions as a threat to our readiness and our ability to properly sustain the operating forces. Our programmed civilian end strength is shown below:

FY91	FY92	FY93
20,159	18,914	18,542

The programmed reductions to the Corps' Civilian Manpower Program are significant and demonstrate that we are doing our share when it comes to civilian cuts. From fiscal year 1990 through fiscal year 1993 our civilian end strength will be reduced 11.8 percent - 3,796 total end strength.

The Marine Corps recognizes that reductions to active military forces will precipitate commensurate cuts in the other areas of the Total Force. We have anticipated these reductions and planned for them accordingly. However, we cannot sustain further civilian end strength reductions or increased workload without a commensurate reduction in mission requirements. Adequate funding is essential to enable the civilian workforce to properly support the FMF.

RETIREES

We have long recognized the important contribution that retired Marines continue to make to the Corps after their active service is completed. We have been inundated with calls from retirees earnestly offering their services in support of Desert Storm. Our war plans include reliance on our retirees. We draw from a population of approximately 36,000 retired Marines who are under the age of 60. Today approximately 1000 retirees have been recalled to active duty in support of Operation Desert Storm. Their spirit, energy, and knowledge substantially benefit the Total Force, not only during times of crisis, but in peacetime as well. The traits which made them good Marines are welcomed in the civilian communities of this nation and are a positive testimony in our recruiting efforts. We ask for your continued attention to the programs which support our retirees.

TRAINING

An essential element of manning our Total Force is ensuring Marines arrive at their first operational unit trained for combat and deployable. We will continue our emphasis on Marine Battle Skills Training (MBST) for every Marine. The program has been extraordinarily successful in providing Marines a common denominator of basic warfighting skills which are routinely followed by unit based sustainment training.

Our centralized process of classification and distribution finds and matches the best qualified Marine with the projected needs of the Corps. While classification of recruits is prescribed by long-established criteria, the distribution and management standards are less precise. The By-Name-Assignment (BNA) System is a new, large scale attempt to make the distribution of Marines graduating from the Recruit Depots and Marine Combat Skills Training as effective as possible. The system provides the common data base for comprehensive training management and it gathers cost-per-graduate data which will facilitate budgeting for future training requirements. Since approximately 30 percent of our Marines attend initial skill training conducted in our sister services' schools, the use of BNA will greatly enhance our effectiveness in taking full advantage of a declining number of available school resources.

PERMANENT CHANGE OF STATION (PCS)

An effective PCS program significantly contributes to overall force readiness. The PCS plan represented in our budget request supports and enhances readiness by:

- Providing proper grade/skill balances Corps-wide;

- Permitting operational moves to fill critical billets;

- Permitting proper manning of deploying units;

- Providing key retention incentives in support of reenlistment options.

We will meet the challenges of force reductions by remaining flexible in our force management actions. One of the principal tools on which we will rely for management flexibility will be the PCS move program. For this we seek your continued support.

RECRUITING

I am pleased to report to you that we accomplished our recruiting goals for fiscal year 1990. Not only did we exceed our Total Force accession requirements, but the overall quality of our new Marines, officer and enlisted, was superb. For example, 95 percent of the enlisted accessions were Tier I high school graduates. In the area of officer recruiting, the average Scholastic Aptitude Test (SAT) score of applicants accepted into our various commissioning programs was 1159. The application standard requirement is 1000.

Similarly, in fiscal year 1991 we are on track in both the quality and quantity of new accessions. Our recruiters are doing well and we are continuing to succeed in attracting high caliber young adults. Your wisdom in supporting our emphasis on recruiting quality during the past decade is apparent today in readiness in SWA. Preserving and perpetuating those quality standards and gains will require the proper combination of leadership, training, dedication, and resources in the years ahead.

Despite our successes, I am keeping a wary eye on the future of recruiting. I sense that the mission I give my recruiting service each year is becoming increasingly more challenging for several key reasons:

- Qualified Military Available (QMA) continues to decline causing increasing competition among the Services and the private sector for diminishing numbers of quality applicants.

- We have indications that some school boards are willing to deny military recruiters access to high schools and student lists -actions that are detrimental to the continued success of the all-volunteer force concept.

- With increased competition and fewer available resources in fiscal year 1992, I am as concerned as you are with the extra pressures we are putting on our recruiters and the effects of those pressures on recruiter quality of life.

- We are watching very closely how the current crisis impacts recruiting under the all-volunteer force concept.

Failure to consider and counter the negative implications of these factors will affect the quality of our future accessions and the ability of our recruiters to complete their missions successfully. Our plans for accomplishing the recruiting mission consider these factors very carefully. However, our ability to counter their effects depends on our effective and timely use of proven recruiting, marketing, and advertising programs. Your vital support of those programs in the past has made the difference and we ask that your support continue in the difficult years ahead.

QUALITY OF LIFE

Programs which safeguard and improve the work and living environment for Marines and their families are popularly known as "quality of life" programs. Today, with the number of dependents exceeding the number of Marines, and with so much of the Corps deployed, emphasis on quality of life programs is vital. They not only provide a multitude of services for dependent families here in the States, but they also contribute to the peace of mind of those Marines who are stationed away from home. Concerned leadership, realistic training, discipline, and esprit de corps, complemented by our quality of life programs, are the basis for the Marine Corps' high state of manpower readiness and for the Corps' widely recognized tradition of caring for its own.

COMPENSATION

Today's quality Total Force can be protected and perpetuated through your continued support for a compensation package of pay and benefits which is comparable to the civilian sector. We are particularly appreciative of the Bateman Amendment adjustments which prevent individual VHA rates from dropping more than the annual increase in pay, basic allowance for subsistence (BAS) and basic allowance of quarters (BAQ). Although we support passage of the proposed fiscal year 1992 pay raise of 4.2 percent, the pay comparability gap with the civilian sector (11.4 percent in fiscal year 1990) will still remain. It is inevitable that this continuing disparity between military and civilian compensation will negatively impact recruiting and retention.

FAMILY PROGRAMS

Concern for Marine families is an important element of our manpower planning. Through the efforts and facilities of our 18 Family Service Centers (FSC) we are meeting the needs of single Marines and married Marines and their families. FSCs offer diverse services and programs which include help with family needs generated by the deployment of one or more family members, personal and financial counselling, stress management, and family "wellness" programs. Literature and information is also provided regarding the rights and benefits of being part of a Marine family. Other programs under the cognizance of the FSCs include:

- The Family Advocacy Program (FAP) provides services and prevention programs for child and spouse maltreatment. We expect to expand FAP support capabilities in fiscal year 1992 with increased Congressional funding.

- The Exceptional Family Member Program, designed for family members with special medical or educational needs, now has 384 participants. This not only benefits Marine families, but it helps ensure that our assignment process considers the special needs of Marines before inappropriate assignments are made.

- In anticipation of force reduction actions, the relocation assistance capabilities are being reviewed at our installations where more than 500 Marines reside. We intend to automate our Relocation Assistance Program by the start of fiscal year 1992 to better assist Marine families in making normal PCS moves and in the larger transitions from military life.

- Concomitant with relocation assistance, our Employment Resource Centers provide valuable help to separating and retiring Marines as well as spouses of those on active duty. The services provided by these centers will be expanded as necessary to meet increased needs precipitated by Congressional transition assistance provisions.

- We continue to make progress in achieving Congressional targets established in the Military Family Child Care Act of 1989. Although we are committed to this important dimension in the lives of Marine families, demands on the Child Development Centers continue to increase. Additional support will be required if we are to continue to fulfill the needs of our Marine families.

MORALE, WELFARE, AND RECREATION (MWR)

The importance of MWR in the lives of Marines and their families can not be overlooked. Commanders consider MWR to be a key link to the motivation of deployed Marines. During the past year much of our effort was focused on providing pre-packaged MWR materials to deployed Marines. At home, commanders have supported dependents with a variety of special MWR events and activities to help ease family tensions and stress brought about by the crisis.

MWR has been successful in capitalizing on new market opportunities in both our service and retail operations. New, innovative service contracts and increased assortments of merchandise now provide greater conveniences and wider choices to Marine families who patronize our exchanges. We request your support in reducing the restrictions which hinder us from operating more business-like, profitable operations.

As we look to the future, I am concerned about the effects that reduced appropriated funding and various revenue generating restrictions will have on MWR. The steady decline in appropriated MWR funding has caused the Marine Corps to use nonappropriated funds to cover appropriated fund shortfalls for items such as maintenance, utilities, interservice support agreements, and child care requirements. While we have taken steps to reduce costs, the practice of using the nonappropriated funds to pay bills will eventually cause us to lose important MWR programs and services.

We also continue to be concerned about the proposed merger of service exchange systems and the possible erosion of MWR benefits that might result. The Marine Corps has distinguished itself from the other Services by being able to provide patrons with unique, quality goods and services in a specific geographical location. This tradition and service will be lost to many of our patrons if merged into a larger organization.

DESERT STORM IMPACT

I would be less than candid if I did not mention that our ability to execute the program contained in the President's budget is directly affected by our fiscal year 1991 actions in SWA. In supporting Desert Storm we are taking manpower actions that are directly opposite of the actions we would normally take to prepare ourselves for a year of sharp reductions.

We are keeping the Secretary of the Navy and the Defense Department fully informed of our fiscal year 1991 status as it is affected by Desert Storm. Should the effects of the

SWA crisis extend into fiscal year 1992, the execution of the force reduction actions contained in the President's budget will have to be re-phased. We recognize that any re-phasing or delay would be temporary and contingent on the timing of the resolution of the crisis. Accordingly, we will not take any unnecessary force management actions which will complicate or prevent resumption of the force reduction actions contained in the President's budget.

I also assure you that our post-Desert Storm actions will be executed correctly and with emphasis on protecting the rights and legal privileges of all those concerned. Marines leaving active duty will receive timely, effective administrative and medical processing. We intend to return Marines to their civilian lives with as little turbulence as possible while guarding against taking hasty actions which might jeopardize their best interests. The stand-down process will be difficult and we will welcome your patience, support, and guidance.

CONCLUSION

The high state of readiness of today's Marine Corps is evident in all parts of the world. That readiness, characterized by responsiveness, versatility, and usefulness to the nation, is the product of a Total Force commitment to quality and your reliable support. To meet the challenges of the future we intend to remain committed to a Total Force based on quality. With your continued support, we will be able to do what has to be done to ensure that the nation is as well-served by its Marine Corps in the future as it is today.

STATEMENT OF LT. GEN. THOMAS J. HICKEY, USAF, DEPUTY CHIEF OF STAFF (PERSONNEL), HEADQUARTERS, U.S. AIR FORCE

Senator **INOUYE**. General Hickey.

General **HICKEY**. Thank you, Mr. Chairman.

I will parrot some of the things that you have already heard and I will try and keep that brief.

SUPERIOR PERSONNEL

But, as has been observed by a lot wiser military spokesmen than me throughout history, it is, as was said here today, it was the people, I think, even more than technology that made the difference in Desert Storm and Desert Shield. They are the things that made the difference.

Certainly you have a long history of supporting all of us in the military. Senator Domenici I remember 12 or 13 years ago when I was a young colonel commander at Cannon Air Force Base in Clovis, NM. And Senator Domenici was a relatively new Senator in those days, and he had the same commitment then and I have watched over the years and it has been consistent. It is people like you on these committees and the staffers which have made the difference and made it possible for us to have the personnel force that was able to go over there and be capable, and we appreciate it very much, and I felt that needed to be said one more time.

AIR FORCE STRENGTH

I would like to give you a current status very shortly of the Air Force in terms of its strength. We will probably come in at the end of fiscal year 1991 a little bit over strength. We know what the upper limit of that bound can be. We expect it will be significantly less than that. We will do as orderly a demobilization of our Air Reserve components as we can. In the same manner those people stop lossed, and we had a very limited stop loss relative to some of the other services, but they are still there and we will be in the process of bringing them back and releasing them out on as close to their original dates of separation as we can over the next few months.

But by virtue of the timing of the airlift back to aerial ports, we know that we are going to have some on duty. So we will be over strength at the end of 1991. That means we will start 1992 somewhat higher in strength. But by the end of 1992 we should be able to meet the President's budget or the budget that you are considering for 1992 end strengths.

It will take more resources in terms of the supplemental to pay for those extra man-months between now and about the first quarter of 1992, but from that point out we ought to be back on track.

Having said that, I must point out and highlight that those budget plans that you are going to be looking at do, in fact, include both reductions in force in 1992 and 1993 for Air Force officers and for selective early retirement boards for officers. So there are involuntary actions that are built into attaining and maintaining our strength in 1992 and 1993.

If it becomes the will of the Congress that we should not take those involuntary actions, then it is going to be, I think, very important to all of us sitting here today that we get that kind of guidance or indication fairly early in the budget cycle and in your review because a lot of those actions have to take effect almost in the first quarter of 1992. So we are 3 to 6 months away from starting down the road of doing some other things that we may not want to do.

RATE OF CHANGE

We, I think, probably all of us have pulled all the rabbits out of the hat that we own. The only other thing now that can allow us to avoid involuntary actions is an extension of time. What drives involuntary actions certainly within the military force structure is the rate of change. It is how much we change per year rather than how much we change. We can do some significant reductions and do that over time, but if it gets too rapid and stuffed into too short a time period then we just run out of options in terms of voluntary actions.

We in the Air Force have tried to commit to those who commit to us. It has been kind of a watchword for the last several years, and we think it has helped to build the kind of quality force that we have. We are finding it is going to be more and more difficult to maintain that commitment in the future, looking realistically at the environment that is coming.

But I would tell you that we are committed, with your help, to continue to pursue that because we think it is very important and it will have a great influence on the viability of the resultant smaller force that we have in those future years. We appreciate your support as we do that.

I stand ready to answer your questions.

[The statement follows:]

STATEMENT OF LT. GEN. THOMAS J. HICKEY

Mister Chairman and members of the Committee, it is an honor and a privilege to appear before you during this historic period to discuss manpower and personnel issues facing the Air Force today. Over the past four years, I have noted the hallmark of this committee has been a spirit of cooperation in addressing the welfare and needs of our Service men and women. I look forward to a continuation of that spirit as we work together with the manpower and personnel issues abounding today.

Your past support for the personnel in our Armed Forces is evident today as we enjoy great success in Operation Desert Storm. Thanks in large part to your efforts, we have fielded a well trained, highly motivated military that is unsurpassed in the world today. You have shown your support for our troops by ensuring they are adequately compensated for their commitment and sacrifices.

Current legislative initiatives illustrate the good faith of Congress toward the men and women serving our country in the Armed Forces and the families they left behind. Your efforts to provide assistance in a multitude of areas, such as tax extension, Soldier's and Sailor's Civil Relief Act update, and veterans' benefits, to name a few, emphasize your understanding of the needs of our returning warriors.

The situation in the Middle East has been the catalyst for social and political debate. Obviously, our participation in Desert Storm is not without critics. We have all heard criticism of tactics, policies, and weapons systems and history will judge those areas. However, I have yet to hear the first critical comment about our men and women participating in Operation Desert Storm. The American people recognize that our military personnel are ready and able to answer the call whenever and wherever the country needs them. They served honorably in Operation Urgent Fury in Grenada, and Operation Just Cause in Panama. Now they continue to serve with pride and distinction in Operation Desert Storm. These actions have provided us with the most valuable resource possible for our Armed Forces—battle tested and trained warriors.

The Air Force is suffering from institutional schizophrenia. We are enacting unprecedented All Voluntary Force reductions while involved in the largest air operation in recent history. For example, the Military Airlift Command have moved passengers and cargo at a pace 10 times that of the Berlin Airlift. One of the major lessons we have learned from our involvement in the Middle East war is that a balanced force is crucial to our ability to accomplish the mission. Accordingly, we need to move with studied caution during the force drawdown. Wholesale non-programmatic reductions must be avoided. The makeup of the remaining force after reductions should be the cornerstone of the drawdown policy.

Now, more than ever, a concerted, coordinated effort between Congress and the Air Force is needed. Continuing to provide for the well-being of our people during a period of decreasing budgets will be a challenge of considerable proportion.

RECRUITING

The exact impact of Operation Desert Storm on recruiting is yet to be determined. However, medical recruiting will be our biggest challenge for fiscal year 1991. We are feeling the impact of Reserve recalls in this area. The call to active duty of medics from Reserve and Guard components and the recall of those with a military service obligation has significantly reduced the recruitable market. The application flow for active duty recruiting October 1990 through January 1991 was down 15 percent in the Nurse Corps, 18 percent in the Biomedical Sciences Corps programs, and 55 percent for Physician Assistants from the previous year.

RETENTION

Pilot retention is a problem that will continue as long as airlines continue to hire our experienced aviators. In the short term, some airlines have announced furloughs and possible hiring slowdowns due to the immediate problems of a slow economy and unstable oil prices and supply. More significantly, the long range picture shows no appreciable change in airline hiring due to pilot retirements and projected airline growth. Today's economic picture has resulted in a 25 percent reduction in airline hiring. Possibly as a result, USAF pilot retirements are down 13 percent and separation requests are down 5 percent from last year. The full effect of increasing flight pay and the pilot bonus is difficult to quantify, however, we see these programs as a positive retention tool. Increasing flying hours may also contribute to improving pilot retention. Cumulative continuation rates, an indicator of retention, have decreased, but may have bottomed out.

Shortages in several medical specialties remain despite recent legislation to increase special pay and support personnel. Physician specialists continue to pose substantial recruiting and retention challenges. Among our allied health professionals, we have had significant problems retaining clinical psychologists, optometrists, and physical therapists.

The Air Force has to compete with civilian industry to retain members with critical skills in today's market. Your assistance with the Selective Reenlistment Bonus (SRB) Program has helped us to stay competitive and allowed us to sustain acceptable retention rates for most skills. However, retention rates in some critical skills are disconcertingly low, even with the SRB. A viable SRB Program is one of the most effective management tools we have available to aid retention efforts.

FORCE DRAWDOWN

Air Force philosophy has been to meet force reductions through a balanced approach of reduced accessions and the voluntary loss programs, while resorting to involuntary separations only when other avenues have been exhausted. The fiscal year 1991 National Defense Authorization Act (NDAA) provided the Services with a uniform, orderly process for implementing strength reductions which parallels this philosophy and included guidance to maintain the current officer to enlisted relationship in future reductions. While a ratio has not historically been our method of end-strength management, we have worked hard to comply with Congressional intent. At the first programmatic opportunity, we carried the officer-to-enlisted ratio derived from a newly streamlined and downsized force into the outyears. However, applying this ratio, coupled with the magnitude of the reductions proposed through the FYDP, will necessitate the broadest use of all available separation tools, including involuntary ones.

Between fiscal year 1986 and the end of fiscal year 1990 the Air Force drew down by nearly 73,000, primarily through reducing accessions and offering voluntary early separations to both officer and enlisted personnel. The exception was fiscal year 1988 when a selective early retirement board (SERB) for senior colonels and lieutenant colonels was conducted. Following this, and in anticipation of pending steeper reductions, changes were made in fiscal year 1990 to some Air Force programs to generate additional losses. High-years-of-tenure (HYT) for enlisted personnel in most grades were reduced. In addition, changes were made in the first term reenlistment program to tighten quality control measures while at the same time procuring career commitment earlier in the first enlistment. This provides more accurate force management and shaping capability as well as reduced enlisted career force entries. Accessions were reduced to the minimum level necessary to sustain future experience levels. Further, the Air Force held a selective early retirement board in 1990 to reduce the retirement eligible officer population.

Fiscal year 1991 will be a particularly challenging year, but not because of the size (26,675) of the reduction effort. In comparison to fiscal year 1988 and fiscal year 1990, the reduction itself is 13 percent and 25 percent smaller, respectively. The challenge is that never before have we executed major reductions in back-to-back fiscal years and during a mobilization to support a war effort. Reductions in consecutive years force a draw from decreasing pools of eligible voluntary candidates and a move to involuntary measures. In addition, our stop-loss program associated with the war effort hinders reductions in many areas. The Air Force can accomplish a back-to-back reduction while complying with the NDAA although we will resort to some involuntary measures. An officer reduction-in-force (RIF) is not needed in fiscal year 1991 because of waiver provisions in the fiscal year 1991 NDAA precluding involuntary separations. The fiscal year 1992/93 PB request contains RIF/SERB provisions for both years. We have advised the Office of the Secretary of Defense of the need to waive officer end strength for fiscal year 1991 in excess of the provisions in the fiscal year 1991 NDAA. We have little doubt that such relief will be forthcoming. However, that is just one-half of the solution. Legislative relief is also needed to pay for the additional people we will have on board at the start of fiscal year 1992.

CIVILIAN DRAWDOWN

Approximately one-third (239,000) of our force is civilian and they play a vital role in the accomplishment of the Air Force mission. Thousands of civilians are working in direct support of Operation Desert Storm, 140 are actually serving in the Gulf and approximately 3,500 employees have been called to active military duty. Last year saw the passage of significant legislation for our civilian force. The Federal Employees Pay Comparability Act, establishment of the Acquisition Corps, and NAF portability legislation will have a lasting positive effect on our efforts to effectively manage this critical resource.

As we resize the Air Force, civilian strength will be reduced. We are committed to minimizing the adverse impact on employees. To do this we must continue to manage our resources to budget and not be restricted by end-strength limits. We appreciate the elimination of ceilings in fiscal year 1991 and encourage that they not be reinstated in future years. A major concern in managing our civilian resource is nonprogrammatic reductions, particularly those tied to burdensharing in the area of foreign national pay. Reductions of this type often do not achieve immediate cost savings and may result in increased cost due to severance pay and other benefits mandated by agreements. Further, separation of foreign national employees in the gulf region may have a direct negative impact on our ability to respond in the Persian Gulf.

TOTAL FORCE

For the Air Force, the total force policy worked well and stood us in good stead as we mobilized for the air operation now underway in the Middle East. Air Reserve Component flight and maintenance crews have been responsible for approximately one-half of the airlift missions to and in the Kuwaiti area of responsibility. This is our first opportunity to really test the total force policy and the lessons learned will enable us to fine tune our policies to better respond to future situations. The current balance of the total force allowed the Air Force to respond to Operation Desert Shield/Storm quickly with mostly active units while sustaining the mission elsewhere with activated Air Reserve Component personnel. This serves to illustrate that future force reductions need to be balanced between total force components, thus avoiding automatic reserve component buildups at the expense of the active component.

COMPENSATION

In recent months we have asked our people to make immense sacrifices on behalf of their nation. The casualties of war—killed, wounded, and missing—have already given far in excess of what we could ever repay. Military service will always require the willingness to make these sacrifices and our warriors realize this. We have the moral obligation to appropriately compensate the men and women who volunteer to shoulder our country's military burden.

Military pay is a basic GI barometer against which troops measure the public's true appreciation for their contributions to the nation's security. It is a cornerstone of our efforts to attract high quality recruits and retain professional career personnel. It will become even more important as we reduce the force. We appreciate this committee's efforts in the compensation area for fiscal year 1991 and seek your continued support. The challenge for us in fiscal year 1992 and beyond will be to maintain our competitive position given the fiscal constraints we face. The President's Budget requests pay raises of 4.2 percent in fiscal year 1992 and 4.7 percent in fiscal year 1993 for military personnel. We have been using the Civilian Wages and Salaries component of the Employment Cost Index (ECI) as the basis for comparison with military wages. According to this measure, since 1983 the military pay raise has been less than the increase in the ECI, except in 1989. Recent economic research by the Department of Defense has raised questions, however, about the validity of this index as the appropriate standard of comparison because of demographic and structural differences between our force structure and the civilian labor market. The Seventh Quadrennial Review of Military Compensation (QRMC) is studying the selection of an appropriate index. Regardless of the standard that is chosen, a strong commitment to our professional forces dictates every effort be made to closing any pay gap completely over the long run.

Housing allowances (Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA)) continue to be a focus of significant concern. Legislation enacted in 1985 indicates Congressional desire for housing allowances to reimburse our people at 85 percent of the national median cost of housing for their grade. Since that time, housing allowances have slipped until they now reimburse members only about 81 percent of their cost.

We are grateful for your help in recent years with reducing out-of-pocket expenses for military members during permanent change of station (PCS) moves, especially in the areas of increased household goods shipping allowances and the dislocation allowance. However, a recent survey indicates that our people still incur significant costs and are reimbursed only $1 out of every $2 they must spend in the course of a government-directed move. Over one-half report they must borrow money or use savings to pay for PCS expenses. On the average, members report out-of-pocket lodging and meal expenses of $450 and expenditure costs of $800 for house-hunting trips. This is a significant burden for our people.

Despite the coming force reductions, we will continue to face stiff competition from the private sector for many of our most critical and highly technical specialties such as health professionals and pilots. We must continue to address many of these concerns through judicious and efficient use of special pays and bonuses, not only as a means of attracting new accessions but to meet continuing retention needs as we downsize the force. In the case of pilots, for example, the rapid force structure reductions actually hamper our capability to replace skilled pilot losses; our replacement needs actually exceed the number of cockpit seats available to train and mature new pilots. Under such circumstances, we must place an even greater premium on retention.

HEALTH CARE

A recent survey revealed that health care plays a major role in Air Force families' perception of their quality of life. While members are generally pleased with the care they receive themselves, there is concern far the care available to dependents.

The Air Force has managed to maintain a relatively stable health care environment despite the deployment of significant numbers of health care technicians and professionals to the Persian Gulf. The additional strain on medical care has forced more families out of military medical facilities and into the community. Any lag in coverage due to Gulf related activities has an adverse impact on quality of life for our Air Force families. The two hundred percent increase in CHAMPUS deductibles helps to address budget deficits, but it does so at the expense of service families.

Our existing Dental Care Program is well received and greatly appreciated by military families. However, the fact is 80 percent of America's large corporations provide more comprehensive dependent dental care plans than we offer our military dependents. Rising private sector dental costs and the statutory limits placed on the dependent dental plan are increasing out-of-pocket expenses for our service men and women.

MORALE, WELFARE, AND RECREATION

The Air Force is proud of the recreation programs we have established to help ease the tedium and provide a slice of home for our people involved in Desert Shield/Storm. Our Morale, Welfare and Recreation troops hit the ground with the first deployment wave and started recreational programs for not only our forces, but those of the other Services as well. The overwhelming accolades received from field commanders and troops alike point out the tremendous value of programs such as these; programs that are frequently under fire during times of peace, but are essential to a commander in times of war.

CONCLUSION

I'm sure everyone on this committee agrees that our troops have earned your continued full support. Operation Desert Storm is resulting in the most valuable resource any military can possess—battle-trained and tested high quality personnel. These are the experienced people we need to meet future threats to our country and to train tomorrow's Airmen.

RECRUITMENT

Senator INOUYE. Thank you very much, General.

I think all of us are on the same wavelength. We all agree that our men and women performed well because they were well-rounded. It took more than just pay. It took more than just vigorous training. We had to include proper housing, proper support, family support, health care, et cetera. And you have indicated that your budgets have no room for flexibility. You will be faced with authorized end strength for 1992 and 1993. You will have caps.

A broad question I will ask all of you is, in presenting your budget here have we cut away items that would come forth with men and women less capable than what we have today? All of you have said that as a result of the support programs our men and women did well in Desert Storm. Are we doing away with some of the programs that may change that?

General, you spoke of no bonuses and such. Will that affect the quality of personnel that you will be recruiting and retaining?

General SMITH. Mr. Chairman, we would hope it would not. The bonuses I was talking about could be used to acquire selectively skilled marines in the recruiting and retention processes. It was only because I had to take certain things out in order to fit it into a specific dollar amount given, that those programs had to fall aside. I am disappointed in having to tell the recruiting service that, but it is just a fact of life.

Our recruiters are doing a great job, and I know you have been very concerned over their quality of life. They work many hours. We have found in the Corps that it took roughly twice the amount of effort once the Desert Shield/Desert Storm got going to recruit one individual, male or female. There was that concern. The families had that concern.

So a quick example. If a recruiter took 10 phone calls to get a recruit sworn into the Corps, well, now we found it had to take around 20. But we still got those quotas, which is an interesting phenomenon, I think.

But anything that we do—for example, reducing the budget for recruiting and advertising during this particular force reduction, or reducing the enlistment bonus—could have an impact. Our demand on our recruiting service is to keep that quality high with or without special programs because that pays off on the battlefield, as has recently been demonstrated.

Senator INOUYE. Admiral, what does your budget show?

Admiral BOORDA. I think I can answer your question a couple of different ways. We are giving you a balanced program. Our end-strength ramp is steep. It gets us down to 551,400, I think, at the end of 1992. We are going to have to watch what happens in the next several months, and we are working closely with Mr. Jehn's office and himself to watch that because we were going to put a bunch of ships out of commission to get down to our end strength and many of those ships were used in the gulf.

When they come home, it is going to take a while to decommission them. You do not just drive them to the pier. There are environmental things you have to do. You have to have the shipyard capacity to take them and so on. But we will begin reducing people as soon as they get here. But we will have to do that in a smart way.

So I have to watch the end-strength ramps, and that could be a problem for us, but I am confident that our work with Defense will bring the right numbers to you before you mark up.

I am a little worried about recruiting. I think we sized our recruiting budget at a time when we saw a different world, and now we are bringing that to you in a very different situation. I think Norm and I both share that concern.

But, by and large, although we did not get everything we wanted I have a program that is very executable and is a good manpower program. The danger now is really here, and I think I know all of you well enough to be able to say that. The danger is that as you help us manage this and say that maybe 92 percent of this will be just as good as 100 percent, I do not have the flexibility any more to deal with that.

As I was growing the Navy during the 1980's, if you did not give me the right money to match what I had to do, it was pretty easy for me to grow it at a slower rate. I could simply adjust the man-years during that year and bring in recruits later in the summer or something like that. Now, as I am coming down, I cannot come down any faster. So if you do not fund me for the strength that I have got and the programs that I have got, I do not have any way, any mechanism to make up the difference.

It is a very different ballgame for us now. Who pays if you guess wrong and I guessed right and you win—because you always win in the end; you pass whatever you are going to pass? The sailor pays because I have to do something to get my payroll down. So we really have to work closely together this year, just as we have in every year, but I think the danger is bigger.

The bottom line: It is a balanced budget. If we get what we asked for, we will make it work.

Senator INOUYE. General Reno.

ARMY PROGRAMS

General RENO. Senator, I would like to discuss several points. I agree with Admiral Boorda. What he says about the Navy program I can say about the Army program. Our program is balanced. As my colleagues have said and as you have stated, we have little, if any, flexibility in any of our programs.

The areas in which you could make a difference in a negative way—"you" meaning your committee and other committees—in the Army is, first, not allowing the Army to shape the Army as we require to shape it. That could occur by accelerated ramps, failure to recognize the higher requirements for manpower at the end of 1991 into 1992 which the Army will require.

As it relates to quality, we have a number of programs that are very critical to us. In fiscal year 1990 we cut the recruiting staff by 800, and we will cut it in 1992 and 1993 by another roughly 300 to 400 personnel as recruiting sergeants. And we are doing that with our eyes open, recognizing that we will have a smaller Army. We also have had our advertising cut since 1990 from $77 million to $43 million.

The rate of inflation in advertising is about 8 percent a year, so we are getting rock bottom in advertising. But the $43 million we feel is minimally adequate, and deep cuts in advertising could devastate our ability to recruit quality people.

RECRUITING AND RETENTION INCENTIVES FOR RESERVE COMPONENTS

We have programmed adequate recruiting and retention incentives for the Reserve components. Now I have to be candid with you. Our recruiting in the Reserves right now is off about 25 percent. We are doing gangbusters, like the other services, in recruiting active. Our recruiting of the Active Force right now, Mr. Senator, is surprisingly outstanding. Our recruitments and accessions to date in fiscal year 1991 is better than at any period since the volunteer force was initiated.

We have accessed over 3,000 more people than we had planned to access, and our high school graduates are 97 percent, our high test score young men and women are at 76 percent—a new high for the Active Force. But we are not having that success in the Reserves, and we are not sure yet what the retention will be when these Reserve units come home.

So I think retention of our incentive programs for enlistment and reenlistment in the Reserve components will be extraordinarily critical to us and they may well be underresourced in our own budget, given what could occur.

ARMY CAREER AND ALUMNI PROGRAM

We also have a new program this year called the Army Career and Alumni Program, funded at about $20 million in 1992. This is a new program in which we will assist in the transitioning of all members of the Army—Active, Guard, Reserve, and civilian—back into the private sector. It includes a full range of counseling and job assistance in coordination with and support of the Department of Labor. That is an important program to us as we build down the Army.

ARMY REDUCTION IN FORCE

Finally, I would like to touch on General Hickey's comment on reduction in force. Our budget for 1992 and 1993 includes funding for reductions in force, and I can just categorically tell you we will have to do that. You cannot cut an Army 250,000 without taking some involuntary actions on the part of both your officer and enlisted military and, I might add, civilian work force.

In our case, stretching it out is helpful, but it will not preclude the need for a reduction in force. It just will not. It will be helpful, but it will not preclude that need, and I did not want his comment to suggest to you in the Army by stretching it out you eliminate the requirement for reduction in force.

Senator INOUYE. Thank you.

General Hickey.

QUALITY FORCE

General HICKEY. Yes, sir; I would just say, back to your concern on quality, that the programs that we have geared to draw down the force, even the involuntary programs, are oriented toward maintaining and preserving quality. So I do not think we will have a problem with that aspect of what we are doing with the force.

My concerns with the force that remains is of their morale, their motivation, and their productivity after that kind of a sequence occurs within the work force.

I think we can recruit within the Air Force generally the quality and the numbers that we need in those skills. We have severe problems in the Active Force with health care kinds of specialists. Fully 47 percent of our recruiting budget is targeted toward health care specialists, and we have a great deal of trouble getting in sufficient numbers of those.

That has become a particular problem this year. In fiscal year 1991 we took about a 36-percent cut in our recruiting budget. It went from, I think, $47 million requested, and took a $17 million cut down to about $30 million. Probably $35 million is the rock bottom number that we can work and persevere, and we are trying to adjust that internally within the Air Force.

So it does have an impact on us. But I would assure you that in terms of quality right now and for the foreseeable future, I think the Air Force would rather go short than lower its standards for the people that we have recruited and brought on board. We are kind of like the Marines. We think we have got the right standards and we are going to go after those and we would rather do without if we cannot maintain that.

Senator **INOUYE**. Thank you very much.

RECRUITING BUDGETS

Mr. **JEHN**. Mr. Chairman, may I just add a comment to what you have heard, please? I would first echo what the personnel chiefs have told you about recruiting, that the recruiting situation is at the present uncertain. While we have every reason to believe we are going to make our fiscal year 1991 recruiting goals, what the long-term prospects for recruiting are really remains to be seen. We have not been able yet to evaluate the effects of the Persian Gulf war on recruiting, for example, or fully evaluate the effects of prior budget cuts and so on.

So I think we run great risks right now to cut further in the recruiting budgets. In other words, we are soliciting support here today for the numbers that are in the budget.

BALANCED BUDGET

The second thing I would echo is that yes, indeed, we have a very balanced proposed budget with very little flexibility, but that is not just true within the manpower accounts. It is especially true within the manpower accounts and if the proposed numbers we have offered are significantly altered we run, as all the personnel chiefs have noted, the great risk of hurting people and ultimately also hurting readiness.

But we think we have got a balanced budget all across the board, in other words, all elements—procurement, O&M, R&D, as well as manpower. So if one of those elements is protected to a great degree or the proposed amounts are modified in a great way—for instance, if the manpower numbers are modified to a great extent—we run very much the risk of not being able to provide training or the materiel readiness necessary to complement those fine quality people we will have in the force.

So I think the point I would simply make is not only within the manpower accounts is there this balance—and I think the personnel chiefs and the services in general have done a good job of achieving that balance—but we believe we have good balance across the whole budget.

Thank you, sir.

Senator **INOUYE**. Thank you very much, Mr. Secretary.

Senator **DOMENICI**. Thank you very much, Mr. Chairman.

Senator Specter wanted 10 seconds to insert questions in the record. Could he do that?

Senator INOUYE. Fine.

Senator SPECTER. Let me just say I thank my colleague from New Mexico. I cannot stay longer, but I wanted to ask leave to submit certain questions for the record.

Senator INOUYE. Without objection.

Senator SPECTER. Thank you, Senator Domenici.

Thank you, Mr. Chairman.

Senator DOMENICI. Let me say that I did not intend to stay this long because I have two other hearings, and, as I indicated, I am not Senator Stevens, who is the ranking member here. I just got interested and I want to make a couple of points for the four of you because I think something very different is happening with reference to budgeting for the Defense Department and I wanted to try a couple of ideas and see if I have got it right.

END-STRENGTH REQUIREMENTS

First of all, there is an expression of concern about whether you can meet the end-strength requirements of the budget that the Joint Chiefs and the President submitted. Now do I understand this correctly? None of you are yet complaining about whether the ultimate end strength, recommended by the Chiefs of the U.S. military, nobody is saying that is wrong; are you?

I did not hear anybody today say—did you, General?

General RENO. Senator, I did not say it is wrong. The current authorization in the Congress——

Senator DOMENICI. Let me do it another way. What I am talking about is you are indicating a concern about whether you can meet the budget and the builddown. The point I wanted to make is you are not lodging a complaint as military personnel leaders about the size of the military of the United States? I do not think you are and I want to get that on the record.

General RENO. No, sir.

Admiral BOORDA. Let me be very clear. We in the Navy are headed down to the ultimate end strength that Secretary Cheney and Colin Powell brought to the Congress. The only issues that we have right now are how quickly can we get there and do we do that in a way that is appropriate for our people.

Senator DOMENICI. And in the process some of you have told the chairman that to maintain the quality of our Armed Forces you might be concerned about some particular aspects of recruiting or bonuses or the like.

DISCRETIONARY SPENDING CAPS

Now, as I read the Budget Summit Agreement regarding the caps, the discretionary caps, let me tell you how I interpret them and then see if this interpretation would be helpful. The Budget Enforcement Act holds that incremental costs of Desert Shield and Desert Storm are not the subject of the discretionary spending caps for defense. So if the cap is at one level and there is an incremental cost above that level, that incremental cost is not included in that cap. It may raise the cap $300 million or $2 billion.

I do not think there is any question about that. That is the way the agreement and the statute reads. Thus, if you are concerned about meeting the manpower end strengths because of the war, then it appears to me that you should not have a budgetary problem because we should be able to budget for you over and above the caps; is that correct?

General RENO. That is an accurate statement and I would agree with that.

Senator DOMENICI. Therefore, the issue is not changing the caps or moving the caps but seeing to it that the incremental cost of not being able to meet the costs are appropriately assessed and you receive the budget authority and outlays for that. Is that a fair statement?

General RENO. Sir, I would say for my part it is a fair statement, with one caveat. We must also have the authorization to have the added manpower as well as the dollars.

Senator DOMENICI. Absolutely.

General RENO. To include officer strength and DOPMA relief and those types of things.

Senator DOMENICI. But as you put those new budgetary numbers in, as well as end-strength authorization, there should be no objection that it would break the discretionary spending caps so long as it is the incremental add-on everybody understands. The incremental costs of Operation Desert Shield/Desert Storm are not subject to the limitations on spending money here and the procedural impediments to it.

I think that is the case and I hope the Department and OMB are assessing those incremental costs appropriately so we do not have the problem of switching the caps around but, rather, giving you enough over and above the cap for your incremental costs.

RESERVE RECRUITMENT

Now let me ask a couple of questions that concern me regarding reservists. I have heard some of you say that Reserve recruitment is down somewhat, while the recruitment for the Regular military is on target. I would expect it to be exactly that way, so I do not know why any of you are shocked.

As a layman, I think the young people are excited about the military, and they are the ones who join. The reservists are hearing all the horror stories about the reservists who had to lose their jobs and leave their practice and are not going to get reimbursed, so there are people wondering about it.

How many reservists were called up that did not go to the war theater, that are somewhere else? Can we get that for the record?

Mr. JEHN. Yes, sir. We called up a little over 200,000. I think generally the number in-theater is in the vicinity of 70,000 to 80,000, but we will get you precise numbers.

Senator KASTEN. Did you say 70,000 to 80,000 went over?

Mr. JEHN. I believe that is correct, sir, but we will get the correct numbers for you for the record.

[The information follows:]

Of the 227,657 reservists on active duty (as of March 10, 1991), 121,610, or 53 percent, were not serving in Southwest Asia. In other words, 106,047 went to Southwest Asia.

Senator DOMENICI. Mr. Chairman, I believe that as soon as we can—and I hope you agree—we ought to do something in the Senate and the House to express our genuine appreciation for the reservists that did not go overseas. They are here at home and they did not get any of the accolades and they suffered rather significantly.

Let me tell you. I had a registered nurse in my office in Albuquerque who got called up. She was running my veterans program in New Mexico as liaison, and she got shipped off somewhere. She never went to war, but she has had a tough life. She had to just pack up and leave for another State. There are thousands like that and we ought to give them some kind of recognition for the good things they did, because without them you could not have moved the other ones over to the Persian Gulf theater without leaving an enormous vacuum somewhere.

General SMITH. Senator, if I may, we put a little over 13,000 of our Marine Corps Reserves in Southwest Asia. I also sent over 2,500 of them to III MEF in Okinawa so that the Active Forces there could be moved out to Southwest Asia. So we deployed, I think, around 68 percent of our called-up Reserves in the Marine Corps overseas, and 97 percent of our Reserves called up are serving today in our operational forces. That is a tremendous accolade.

Concerning recruiting, sir, today the Marine Corps has pooled 97 percent of its Reserve recruitment for fiscal year 1991. As I mentioned early on, it has been a real revelation to me to see the deluge and the tidal wave of support for what has been going on in this country since August 2.

Senator DOMENICI. My last observation—and this has to do with the caps and the ability for the military to plan appropriately because you have multiyear budgets by virtue of the caps. Frankly, if I were you and if I were the Chairman of the Joint Chiefs, I would be up here telling the Congress the only way we can conceivably maintain the kind of military that you want and that we want is to have multiyear budgeting where we will know the total amount that can be spent on defense. I would be asking that the caps be extended for 2 additional years.

Let me tell you why. We do not have defense spending caps for 6 years, but you are planning for 6-year budgets. You only have defense caps for 2 more years, and then defense spending becomes part of one big package. Beginning in fiscal year 1994 there is a discretionary spending limit which includes defense, international and domestic.

The big problem we have had in the past is that defense numbers do go up and down based upon who wants to take money away from defense and put it in some other nice program. I believe you could plan properly and meet your end-strength and budgetary targets, and come up here every year for the next 4 and tell us you are supplying us with a tremendous military, if you would not have the vagaries of up and down defense spending 3 years out and 4 years out. I believe locking in defense numbers in the outyears is going to be the clue to whether you can do this or not.

EDUCATION PROGRAMS

My last request of you is, if the Secretary of Education for the United States—Lamar Alexander, soon to be confirmed—if he were to contact you and ask you a general question about education programs within the military that you think have been exemplary with reference to teaching languages or teaching skills with computers, what would the answer be? Do have some exemplary programs in that regard?

Mr. JEHN. Yes, sir; not only in the military, training military personnel, but, as you know, we have our own school systems for the dependents of military and civilian personnel—DODDS overseas as well as the section 6 schools here in this country—and we are real pleased with the progress we are making there toward meeting the President's education goals.

Senator DOMENICI. I believe he may be asking you about how you teach languages and how you teach computer science in the military because I think you have far exceeded the public school systems of this country and the vocational institutions. You might have something to pass on to him, which I hope you do.

Thank you very much.

Senator INOUYE. Senator Kasten.

EMPLOYMENT LEVELS

Senator KASTEN. Mr. Chairman, thank you. I had a series of questions that were very similar to what Senator Domenici just asked. I also do not think you will reach the employment levels contained in budget. I think we are all saying the same thing. Because of Desert Storm, you are simply not going to be able to reach the employment levels on the date that was anticipated without causing much more havoc and chaos than it is worth.

We are all saying that we are not going to reach the targeted employment levels. Now the question is by how much are you going to miss them, and you are not sure right now because you cannot know for sure how the Desert Storm process is going to work its way down and you are probably not going to know that for maybe 2 to 4 more months.

By that time, your finances are going to be squeezed but you do not want to put anything in jeopardy now by making premature estimates that you might regret in the fall.

But does OMB understand what Senator Domenici just went through? Do they agree with you that the costs of not meeting the employment goal at the end of the year should be attributed to Operation Desert Storm and, therefore, be outside of the scope of the so-called budget agreement? That is the bottom line here—that the costs of not meeting your manpower target are just as much a cost of Desert Storm as the costs of operating the aircraft and the ships in the Persian Gulf.

Mr. JEHN. Exactly so, sir. That is a question that is probably better put to the Comptroller, who is in literally daily contact on these subjects with personnel at OMB. But it is my understanding that there is a very generally accepted position along exactly the lines you have outlined—that, in fact, we will not make 1991 end-strength targets and that means we will start 1992 with somewhat higher end strengths than we had planned and are reflected in the budget, and that as a result we are going to need additional funding for the military personnel accounts in both 1991 and 1992.

To date, my understanding is that that is something that is generally well understood and well accepted both within the Department and within OMB.

Senator **KASTEN**. The next step of paying for higher employment is what I am concerned about and what Senator Inouye and Senator Stevens are also concerned about. The shortfall in reducing employment will create increased personnel costs. These costs are directly related to Desert Storm. Therefore, they should be part of the next Desert Storm supplemental and should not be financed from other Defense programs. The costs, as part of Desert Storm, should be apart from the budget agreement. We want to be sure that your programs are whole going into the next fiscal year.

Mr. **JEHN**. Yes, sir.

Senator **KASTEN**. You may be able to catch up. Depending on what happens, you might be able to move faster in reducing employment in 1992 than originally anticipated and you are going to have to figure that out, but right now you do not know. But what is important is that you not be charged for not reaching that goal out of the regular appropriated funds.

Mr. **JEHN**. Yes, sir; that discussion is underway right now, and as of today my understanding is that the basis for those discussions is exactly as you have outlined.

Senator **KASTEN**. Now in your opening statement, you talked about a number of actions under consideration for reducing military end strength, such as reducing recruitments, tightening reenlistments, selective early retirements, and other actions including reduction-in-force policies.

READINESS REQUIREMENTS

In reducing military employment, how are you going to be able to ensure that you get the appropriate mix of skills and grades you need at the same time that you are trying to ensure readiness requirements are being met?

Mr. **JEHN**. Well, let me just address the general principle and then I would suggest that each of the personnel chiefs might wish to address the question in their own case as well.

What we have begun doing already is recruiting at levels that are consistent not with this year's end strength but with the end strength we expect to see in 1995. Connected with that, then, each of the services has put together a balanced training plan so that they will wind up with, between now and 1995 and especially by the time 1995 arrives, a force that has exactly the right mix of skills and experience that we will need.

Senator **KASTEN**. What I am concerned about is that you might have the same person in terms of length of service and grade and pay and even efficiency reports, and because he or she has a different specialty they might be treated differently in terms of trying to push them or force them out of military service. You are not going to be able to go across the board. If you do go with reduction-in-force policies, you may have to choose in a discriminatory kind of way, it seems to me, and may not be able to treat everyone equally.

I think that is going to create a problem. Somebody just might get unlucky because they are in a certain specialty that you have, in your view, too many of, even though they are equal in every other way. Do you understand my question?

Mr. JEHN. Absolutely. That is certainly a challenge that these gentlemen face daily, and they perhaps would comment on how they are going to cope with it. The Air Force, for example, has just announced that a number of young officers who believed they were entering the Air Force with every expectation they would become pilots, fewer of them are going to become pilots now. So that is the kind of challenge they all face. They can comment on the particular challenges that each faces in their service.

RETIREMENT

Senator KASTEN. Let me ask one other question, and then we can discuss this. Is there going to be any effort made to protect military personnel who are near retirement?

Mr. JEHN. Oh, yes, sir.

Senator KASTEN. Is there going to be a process to protect individuals who have significant length of service but are not eligible for retirement? In other words, you are going to be taking more out of the younger and middle groups and leaving the older ones in?

Mr. JEHN. Yes, sir; we have together adopted objectives for how the drawdown would be conducted and what kind of principles and goals we will use. One of those objectives is to do just as you have said—to protect those individuals very close to retirement.

Senator KASTEN. If anyone else wants to comment, please do so very quickly, I do not want to take too much time.

Admiral BOORDA. Let me give you a little detail, because this is what the Secretary had alluded to. In the 1991 Authorization Act there is a strategy that we are all required to follow, and it says we will reduce the following way, in four steps. First, we will take all the reductions we can take through accessions, so we will not recruit or commission new people to the max number we can.

Now we cannot get all our reductions that way because you would create hollow year groups of people. You would not have the youngsters coming along. So you cannot get it all there. The next step—and these are sequential and it is in law now—that you take is you generate retirements. Now, how do you generate retirements? Each one of us has high-year tenure rules. They may be slightly different for the services, but in the enlisted case for me, for example, a master chief petty officer can serve 30 years and then must retire, a senior chief 28 years and then must retire. An E–5 can serve to 20 and then has to go. But those are retirements, and they get the retirement pay.

Next, you control the entry into the career force, and that is how we do skill mix control. So if you begin to have people go, you look at people who are coming up at the end of their first period of obligated service and you begin to make the choice based on what skill they have and what you need.

And then, after you are all done with that and if you still have not got enough in the reduction, then and only then do you generate involuntary separations. That gives us, that sequence of events gives us a way to control skill mix. It gives us a way to, all of us, try to see how close to the top of the scale we can stay instead of getting into that bottom step.

INVOLUNTARY SEPARATIONS

I might add for the Navy that selective reenlistment bonus lets me encourage the right people to stay and, by dialing it down for those areas where we do not need the retention, have people voluntarily choose to leave. So it is a finely balanced mix of things that I think we have tuned about right as long at it gets funded the way I have it tuned.

General **RENO**. I would like to add to that because I think the Army is affected most, Senator, because our cuts are deeper. But you have properly sized the problem in your question.

I agree with Admiral Boorda. I think each of us is following quite clearly not only the intent of Congress but the law that is embedded in the authorization act. We, for example, are bringing in lieutenants this summer for an Army of 520,000, not an Army of 750,000. The practical effect is twofold. No. 1, we will have lieutenant billets in the Army not filled for the near term until we get there in 1995, but, No. 2, it reduces the number of officers we will have to involuntarily separate.

The Army shared the chairman's concern on conducting any involuntary separation while we have soldiers in Desert Storm/Desert Shield, and we are not doing that in 1991, but we will start our programs in 1992. Our policies, Mr. Senator, will be differential in the sense that as we take the structure out that requires an artillery soldier versus a signal soldier in different numbers, we will then remove involuntarily, when it is required, noncommissioned officers and soldiers in those skills in proportion to the requirements following the drawdown in structure.

So it will be differential. It could be perceived as inequitable, but it will be based on quality and equal opportunity and all of the values and ethics that are a part of our culture.

Senator **KASTEN**. Does anybody else want to comment?

General **SMITH**. Just one quick one, sir, and thank you. I certainly support, and the Marine Corps certainly supports, what Admiral Boorda just mentioned a few moments ago as well. I also want to add that we have a problem and it is a great problem. We have a lot of quality marines who want to stay in the service who may be in military occupational specialties that are overcrowded right now for one reason or another. What we are encouraging these marines to do is to apply for lateral moves into other MOS's so we do not lose their great talent and skill—move them into other military occupational specialties and get them into schools run by the Marine Corps or, as in the case of around 30 percent of our force, trained by our sister services in their schools.

General **HICKEY**. That is one of the two points I wanted to make, too, Senator. We will look at skills, as you point out, because some will be over and some will be short. We will do cross-training where we can to preserve the experience and the quality of some of the force that is there.

When we cannot get past that, then there may be some skills which are critically short to us. We will exclude the people in those skills from further review. But then when we have the remaining eligibles, no matter what skill those are in, if they are included in the action then that will be done equitably and it will not be pro rata by skill.

REENLISTMENT BONUS

General RENO. I would like, if I may, to add a point to reinforce Admiral Boorda on the reenlistment bonus. You know, it is almost incongruous to give us reenlistment money while we are involuntarily separating people of the same grade. But Mike's point is very critical to the Army, Mr. Senator, in that we have to reshape and get the balance and the mix right. Although we have significantly reduced our reenlistment bonus funds in our budgets, that which we have is extraordinarily critical to us.

Senator KASTEN. Thank you all very much. Mr. Chairman, I may have taken too much time with this issue, but I have the sense that we have marvelous morale in the military right now. Most military people are probably on a high that many in many cases has never been higher at any time in their military careers. However, we are walking into an area with the potential for law suits and the potential for charges of discrimination. I see a lot of possible confusion and the possibility for a tremendous negative impact on morale.

We are going to go from a huge, huge morale high to what at least has the potential for a real morale low. There could be a huge change. I just hope that this is not the case. Military manpower may not be as noteworthy or important in terms of publicity as a carrier or a tank or a fighter plane, but the job that you all do is probably every bit as important. In fact, I believe military personnel decisions are more important than many of the weapons systems decisions that we are going to be making on this panel over the next year or two.

You really need to do this employment reduction properly.

Thank you, Mr. Chairman.

Oh, excuse me. I also want to thank you, Mr. Secretary, for helping us get the pay differential for people that were outside the area of responsibility but very much part of the war effort, particularly the 128th Air Refueling Group. They were working out of Egypt and doing exactly the same job over the aircraft carriers in the Red Sea as the people who were flying out of Saudi Arabia. We just ran out of ground space to park the aircraft in Saudi Arabia.

We did not want to end up with, in effect, two classes of airmen who were serving in Operation Desert Storm and doing exactly the same job. I thank you and I appreciate the work that you did with us. I know there were a lot of people from other Guard units that were in the war but outside the area of responsibility. These units also benefited from your actions. Thank you for the work that you did.

Mr. JEHN. Thank you for the kind words. I am glad we were able to make that work out.

Senator INOUYE. Thank you, Senator.

I will be submitting many questions to all of you, but I have just one question I would like to ask for the record. Much has been said about the total force policy. In my private conversations with senior officials in the services, I get different reactions. For example, some of my colleagues have been looking at the matter of roundout brigades, that there is a gap in training, a gap in providing equipment and such.

On the other hand, Air Force officers tell me that the total force policy has worked out beautifully. I get some mixed signals from the Navy. The Marines tell me that everything is working out well.

I would like to ask all of you, Do you think total force policy is working? Should there be any changes made?

General SMITH. Mr. Chairman, in the Marine Corps the total force policy is totally and completely working, as evidenced by the percentage of our Selected Marine Corps Reserve that was called up in support of this operation in Southwest Asia and the truly magnificent job that they have done.

On our message board this morning that I read en route here to this hearing, there was a message from Lt. Gen. Walt Boomer, who is our skipper out there of MARCENT, the Marine Forces in the Central Command. He reiterated to the Commandant of the Marine Corps the accolades received from one of our division commanders, Maj. Gen. Mike Myatt, skipper of the 1st Marine Division, about the quality of performance that the Reserve units did in deception operations, tying down the forces of Saddam Hussein along the berm lines there. He commended the quality of artillery support that our Reserve artillery regiment gave, and even broke out specifics of certain engagements. We got the intelligence from flying remotely piloted vehicles over the battlefield. They saw the wrath that our artillery had wrought upon the Iraqi forces.

These accomplishments were done by Reserve forces. We constantly encourage and insist upon our Reserve forces training with the Active forces. That amalgamation and the marriage of our civilian Marine support, I think, have done a great job for us. So the Marine Corps is happy with the total force policy and the Commandant insists on it. You do not get another vote over in my building.

Admiral BOORDA. That is a pretty hard act to follow. I do not know where you get mixed reviews from the Navy, but you will get no mixed reviews from me, and I do not think from the CNO or the Secretary. We called about 20,000 reservists—19,800-some, I think. Indicative of their support of this effort was that we granted six waivers—six. Everyone else came. Now those six were justified, so they did not have to come. Six out of 20,000.

Much of the medical care in the AOR for the Navy, the Marine Corps, and we supported Army and Air Force as well, was Reserves. Where it was Active, the Reserves filled in here in the States. All our combat search and rescue was Reserves. Seabee battalions were very heavily Reserves. Cargo handling. I think the movement of people and things to that area was absolutely unprecedented. Much of that was done by Reserves.

I could go on and on and on. So if you would give me the name of the mixed review guy, I need to talk to him.

TOTAL FORCE POLICY

General **Reno**. Well, since I have not talked to the subcommittee, it cannot be me. The Army, as you very well know, called up more reservists than anyone else. We called up just short of 150,000. About 20,000 of those, Mr. Chairman, were from the Individual Ready Reserve, and I will talk to that.

I can only echo the comments of General Smith on the outstanding contribution and performance those forces, both in Europe that we deployed to Europe and Saudi Arabia and in CONUS, have done for your Army. We have in Saudi Arabia about 72,000 Reserve soldiers from the Guard and U.S. Army Reserve. They are principally in combat service support units, such as transportation and the like. They are in combat support units, such as field artillery and engineers, military intelligence and aviation, and, without exception, they have done magnificently.

We deployed a large number of medical personnel and hospitals both to Europe and to Saudi Arabia—to Europe to backfill those that deployed with the 7th Corps to the desert, and those in Saudi Arabia to meet anticipated casualties. And they, too, have done magnificently.

The combat units that we mobilized in the States, the three roundout brigades, were mobilized and placed in intensive training in preparation for deployment. The war has terminated. One brigade has completed its training at NTC at Fort Erwin in outstanding fashion and is in the process of demobilizing. The 155th out of Mississippi is currently at NTC, and the 256th Brigade is currently in training at Fort Hood, TX.

Each has profited by that training and I think you all have had hearings on the status of those brigades and I am sure you have gotten more enlightened information from them.

But I share the view of my colleagues that total force policy is working. Particularly in a smaller Army, the Reserve components will become even more important than they are today. All of our planning for both contingency and longer term operations include, straight up, the commitment of the Reserve components. We must have them. They must be good. We must have the same quality in the training in those units and the resources to support that.

So the Army is a strong supporter of the policy.

AIR FORCE TOTAL FORCE

General **Hickey**. I guess, as you said, the Air Force got into the total force business in the mid-1970's, about the same time as the All-Volunteer Force, and we have found it to be very successful. It is kind of a normal day-to-day way of doing business for us. We are very successfully integrated. We have Reserve associate crews in our airlift.

In the first few weeks of Desert Shield we had over 7,000 volunteers out of Reserve units that were on active duty before we ever got around to getting a recall, formal recall authority. They did superbly. They even gripe as well as active duty people do when they are out there doing their stuff, and you heard some of that. But they were doing their job and doing the mission.

Air power seems to lend itself to an Air Reserve component in a lot of the missions that we have. Air refueling, some of the fighter work can be done and trained at home in the civilian community environments and save money and be very effective and relatively quickly deployable to get into the AOR. We did all of those kinds of things and had units that responded superbly—the F–16 squadron from MacIntyre in South Carolina and others. I hate to get into it because there are too many units. But it works.

I guess my concern in dealing with that is if it works so well in the Air Force why not do more and more and more. I would just caution that there is some upper limit. For instance, in pilots the upper limit probably in structuring the size of an Air Reserve component has to do with how big the Active Force is, because they live off of the people that leave our force and then subsequently join them. They have concerns now that as we draw down they are going to have more and more difficulty sustaining themselves—our Air Reserve and Air National Guard components.

But where we are and where we were planning to go and still are in the budget that you are looking at I think is a good mix, and we can handle that.

Some places again do not lend themselves to doing very well or saving much money. If you get it into a mission where there is full-time alert commitments and those kinds of things, then it is about as expensive as an Active Force and there is a little bit less control and it is a little bit harder to manage. So there is not that much of an advantage to converting it.

But within our experience some missions are superb. They do it very well, and we are committed to that kind of an integrated force.

Senator INOUYE. You are helping me to come to my last question. Mr. Secretary, there are many among my colleagues who are suggesting that a good way to cut down the cost of the military is to increase the Reserves and the Guards and reduce the Active forces because they have done so well. Now, we have before us a budget that calls for a certain formula.

NEW FORCE STRUCTURE

Can that formula be changed without affecting the capability, the efficiency, the readiness, et cetera?

Mr. JEHN. I would say the proposal we have made is part—we have proposed reducing the Reserve component somewhat, although slightly less in terms of manpower than the Active component, but we have proposed reductions to Reserve components as well in our budget proposal, and that I would come back and just echo what I said a little while ago about balance.

We believe the proposed new force structure and proposed reductions in the Active component and the Reserve component are in synch with one another. In other words, making significant changes to either one is going to disrupt the ability of the other to do their work.

I would just echo what the Personnel Chief just said about the total force. One of the things we learned from Desert Shield is that, yes, the total force worked. I might add that the total force is more than just the Active and Reserve military components. We think of the Active Force as being comprised of active duty military personnel, Reserve military personnel, civilians, retirees—and, by the way, each of the services recalled some retirees; I think we recalled a total of several thousand altogether—and, finally, host nation support, which was also very important and critical to Operations Desert Shield and Desert Storm.

So, looked at that way, I think the message that you heard from the personnel chiefs is even stronger. The total force worked, and, of course, in the aftermath of the Persian Gulf war we are going to be reviewing how well it worked, looking at what problems might have emerged, and looking for changes to it. But, as I said, what we put together in the budget proposal that we have made to the Congress, that the President has sent over to the Congress, we think we have got a very balanced approach that weighs the potential contributions of the Active components and the Reserve components together and puts them together in a way that I think gives the country and the taxpayer the most effective defense we can give them for the dollars we propose spending on this.

Senator INOUYE. Thank you, Mr. Secretary.

I would like to make an observation before I thank all of you for participating this morning. I do not set up my hearings as a media event. Those who know me would agree with that. But in all the hearings we have had this year we have had cameras all over the place. There are no cameras at this hearing. I think the media is missing the point. I would hope that my colleagues would also realize that they are missing the point by not participating here today. It was not the smart munitions or the stealth weapons or the battleships or the M1A1 tanks; it was those men and women who were in there working it that made the difference. Maybe I should have asked all of you to bring with you four bemedaled heros from Desert Storm; then you would have had a whole array of cameras here. But maybe I missed a point there.

But I want to, through you, thank all the men and women in your command for the great service they rendered to our country. Mr. Secretary, I thank you very much.

Mr. JEHN. Thank you, sir. We appreciate the support and help that this committee gives us. Thank you.

Senator INOUYE. General Hickey, I wish you the best, sir.

General HICKEY. Thank you, sir.

STATEMENT OF HON. ENRIQUE MENDEZ, JR., M.D., ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

Senator INOUYE. Our next witness will be Dr. Enrique Mendez, the Assistant Secretary of Defense for Health Affairs, and this will be his second appearance before the subcommittee. We welcome you, sir.

I have already voiced my commitment here and in other forums to continue providing high-quality health care to all of our services and to all of our military personnel. I have had many, many enlisted men and women tell me that it made a difference to know that their men and women and their children at home were receiving the best health care possible. It took off the burden from their minds so they could concentrate on the work at hand.

As I have indicated, it takes much more than just training to produce a good man or good woman; it takes a full program, including housing, health care, pay, bonuses, et cetera, and so the work you are doing, Dr. Mendez, is very, very important. Please proceed, sir.

Dr. MENDEZ. Thank you, sir, and good morning to you. I am delighted, Mr. Chairman, to be before you today. If you have no objection, I would like to submit my complete statement for the record and just summarize it for you now.

Senator INOUYE. Without objection, sir.

Dr. MENDEZ. It has been just about a year since I came to the Department of Defense as the Assistant Secretary of Defense for Health Affairs, and it has been quite a year, Mr. Chairman. In that year we have seen in action the full spectrum of activities of military medicine. I have learned much, despite my military background, and I have tried to be responsive to those with a keen interest in military medicine.

This subcommittee in particular has provided me with tangible support and with careful guidance. I am appreciative of the assistance of the subcommittee over the past year in working toward creating a high-quality system that is more coordinated, more responsive, and efficient.

But, more than that, I am appreciative of the concern and assistance the subcommittee provided over the past decade to my predecessors, who worked hard on several issues, and to military medicine at large to enhance the medical readiness posture of our Armed Forces. We are now witnessing the fruition of these endeavors in the Persian Gulf, and I would like to this morning, if I may, to give you just a very brief overview of military medicine's participation in that operation and then to describe the key points of our coordinated care program and tell you how that is progressing. As you know, that program is the Department's comprehensive plan to change the fundamental way health care is provided to our beneficiaries.

OPERATION DESERT STORM

As the collective attention of the Nation was riveted to the operations in the Persian Gulf, our military medical departments, in my judgment, responded with real precision to that crisis. That response and the high quality of the combat medical capability, in my judgment, are without historical precedent. The primary combat casualty care goal of the medical department—namely, to provide the capability to return personnel to duty as soon and as forward as possible and to safeguard the well-being of those who cannot be returned to duty—was indeed met during Operation Desert Storm.

The Persian Gulf has been the scene for the application of new advances in our medical readiness posture—hospital ships, DEPMED's, state-of-the-art equipment, computerized axial tomography in field units. All of these have helped provide the highest level of hospital care ever afforded U.S. combat forces.

Operation Desert Storm highlighted our reliance on Reserve medical personnel also. The Presidential callup activated thousands of Reserve medical personnel to participate in the theater of operations and to backfill stateside military hospitals. This operation demonstrates the importance for us again to ensure that Reserve units be staffed, equipped, and trained to carry out their medical missions.

I am also particularly proud—and I know that you are particularly interested in this—of the way that the medical departments have cooperatively accomplished this. Triservice medical cooperation has never been more evident, nor more successful. The Army was tasked as the single medical logistics manager in the gulf. Medical supplies required by all medical units were provided through Army-managed medical supply depots within the Desert Storm area.

The Armed Services Blood Program Office met the quantities of blood requested by the theater commander. The preparation for regulation of casualties, both within and out of the theater, was accomplished through the diligence of the Joint Medical Regulating Office and the Armed Services Medical Regulating Office. Their efforts, together with the Air Force aeromedical evacuation system, assured that if there had been significant numbers of wounded they would have been expeditiously evacuated to the most appropriate level of care.

And even here in our own domestic area, in my office, the Surgeons General and I met at least weekly, and sometimes much more frequently than that, first in a structured conference of updating every week and subsequent to that in a roll-up-your-sleeve type of endeavor and worked in the spirit of cooperation among those three services.

You recognize, I am sure, a significant portion of our medical success during Operation Desert Storm rests with readiness initiatives, many from the Congress, that were implemented during the past decade, certainly from hospital ships and deployable medical systems to the combat casualty care course. The dividends were evident, and I certainly appreciate your help.

You know, sir, we had a deployment of 50,000 active duty and Reserve medical personnel, and, of course, that had an impact on the beneficiary population here at home. We worked consistently and continue to restore lost stateside capability. In the posthostility period, we will continue to closely monitor the staffing posture and capability at our facilities to ensure access, which I know is a significant concern of yours.

Operation Desert Storm has shown that our people have the facilities, the equipment, and the system support required to care for our patients in the combat environment.

COORDINATED CARE

Let me from there, sir, go on to coordinated care. One of the most important projects during my first year in office has been the design of the Department's coordinated care program. This is a comprehensive plan that changes fundamentally the way of our health care delivery to our beneficiaries. The Department's goal is to establish and continue a high-quality, cost-effective health care delivery system that allows local commanders maximum flexibility to use all health care resources and systems within a centrally coordinated and monitored program.

We mean to preserve the benefit and its quality while we institute changes to manage two major things—and these become two major intrinsic points to the thought of coordinated care—to be able to manage the utilization of health care and to be able to coordinate its supply. This coordinated care program is a phased 3-year plan to improve delivery of health care to our 9.2 million beneficiaries.

Coordinated care includes innovations in enrollment and primary care case management, along with improvements to cost share incentives, utilization management, and principally, quality assurance.

This first year has been spent developing our concept plan, bringing it to the services, improving the collaborative effort with the services. Again, it is based on decentralized execution with local accountability and centralized monitoring.

Local military treatment facilities commanders will be accountable for access, quality, and cost in their catchment areas for enrolled beneficiaries, and this will span the entire military health services system, including CHAMPUS and the direct care system. We are going to strive for equity for all the enrolled beneficiaries, ensuring them the quality of health care.

It will optimize the use of resources while remaining flexible and, hopefully, easy to administer. The program must be cost-effective and flexible enough for local managers to have the latitude to make local management decisions concerning the delivery of health care services in their area.

Coordinated care will also emphasize the improvement of health status and disease prevention through health promotion that is based on sound epidemiologic information that is adjusted and evaluated according to age group and the distribution of that epidemiologic information. The key features of the coordinated care program are divided then into four main areas. The first one is enrollment—the capacity to know what your load will be and, within that, the demography or composition of that group; second, the establishment of provider networks; third, the matter of accountability; and, finally, resource allocation. I would like to take a few moments to expand on those thoughts.

Enrollment will provide the basis for planning, for resourcing, for determination of access, and for utilization management. It will allow military hospital commanders to know the number of beneficiaries for whom they must provide health care services. The hospital commander will be able to plan and budget for the health care of his beneficiary population, taking everything into account. The enrollment process will also let beneficiaries know which facility is responsible for ensuring that they have access to high-quality care.

The establishment of provider networks will be developed locally, with centralized support provided to them in order to cause that development to take place. Cost-effective civilian networks will be used to extend the capacity and the capabilities of the local direct care systems. Access will be provided to enrolled members via a health care finder system which will maximize the most efficient use of those resources.

The accountability portion of it requires that the hospital commanders be provided the tools, the authority, and the flexibility to assume responsibility for health care provided to enrolled beneficiaries within their catchment areas.

The Coordinated Care Program will provide the processes to enable centralized oversight and monitoring, to include significant changes in the use and the availability of information. In order to have the centralized execution, the accountability, and the centralized monitoring, information obviously must be available to the local commanders and services in a simple way.

Improvements in resource allocation will optimize the use of all military health services system assets and achieve increased efficiency of the system. We will ask, sir, for the authority to allow the military hospital commanders to manage their operations and maintenance funds for CHAMPUS and direct care for their enrolled populations, and to link resources with an evaluation of productivity and evaluation of performance.

VA-DOD SHARING

Allow me for a few moments to mention the other initiatives that I believe are cojoined to the matter of coordinated care. One of them is VA-DOD sharing. I know that is a subject that interests you, and it will be an integral part of the Coordinated Care Program. It emphasizes the provision of the most cost-effective care for beneficiaries and achieves economies by sharing Federal resources.

All VA medical centers within 50 miles of a military treatment facility have sharing agreements. The opportunities for sharing and saving Federal dollars are significant. We are working with the VA also to use CHAMPUS money to reimburse VA medical centers for services they provide to our CHAMPUS beneficiaries and to develop more joint venture construction projects.

I went the other day with the Chief Medical Director of the VA, Dr. Jim Holsinger, to Albuquerque, NM, specifically to evaluate and to get the lessons learned in that area because the Air Force hospital at Kirtland is contained within the VA hospital at that location. That effort is going extremely well and a lot of the lessons are certainly exportable.

CHAMPUS REFORM INITIATIVE

A moment on CRI expansion, the CHAMPUS reform initiative. The preliminary results of the evaluation of the CHAMPUS reform initiative, or CRI in California and Hawaii, seem to be very promising as a mechanism to contain the growth of CHAMPUS expenditures. I chose, however, Mr. Chairman, not to expand CRI into Arizona, Nevada, and New Mexico. That was based on economic realities. Simply put, there would be neither sufficient workload nor contractual time, in our evaluative judgment, to recover the upfront cost of implementing such an expansion.

The workload also would be constrained because there are other demonstrations in progress in Phoenix and in Albuquerque. This decision, I want to clarify, though, does not in any way reflect a lack of confidence in CRI or the model in its cost avoidance potential or in the way that it is going in Hawaii and in California.

I want to spend a few seconds on Tidewater because we are going to do something new there. The Tidewater project, or Tri-care, will be the Department's first attempt at triservice, locally managed coordinated care in three separate hospitals that have overlapping catchment areas of three different services.

It will utilize lessons learned from catchment area management initiatives and from other demonstration projects within the framework of coordinated care. These catchment areas that overlap will be combined into a unitary catchment area and the Navy will be serving as the lead agent. A jointly staffed program office will provide day-to-day management and oversight of health care delivery.

UNIFORMED SERVICES UNIVERSITY OF HEALTH SERVICES

Before I close, let me take a few minutes to address the current situation in another subject that I know interests you, and that is the Uniformed Services University of the Health Sciences. The university, as of this year, is now the responsibility of my Office. The Department has moved, I believe, quickly to respond to concerns that were set out by the Congress and by the Department of Defense inspector general.

The significant managerial and personnel problems identified at the university have been tackled. A major administrative reorganization at the university resulted. This includes making the board of regents for the university advisory to the Secretary of Defense and delegating responsibility for the management of the university to my Office.

I also wish to note that a search is underway, very actively so, sir, for a new president. A new DOD directive is about to be issued that establishes the new rules for operating the university as a fully accredited medical school. Also, policy has already been issued defining the business relationship between the university and the Henry M. Jackson Foundation. Management of the personnel office has been transferred to the Washington Headquarters Service of the Office of the Secretary of Defense to allow use of the full personnel expertise of DOD to correct past practices.

Senior management changes have already occurred. The public affairs office has been closed. The functions of the Military Medical Education Institute have been transferred back to the U.S. Army.

Despite the many corrections and changes in management, the university continues in its mission of producing high-quality, career-oriented health professionals for the uniformed services, I certainly remain committed to the university and its mission.

FEDERAL NURSING SCHOOL

I know, Mr. Chairman, that you are particularly interested in the idea of a Federal nursing school. You have asked us to decide on the need and location of a Federal nursing school based on cost effectiveness. We have the task force report now and are awaiting pertinent input from the services and other Department of Defense principals to make our final assessment. I will be sure to keep you informed as we progress in this project.

That, sir, in short is the coordinated care program, with a couple of frills attached to it. If you will, sir, I would like for the committee to remember that it is indeed a fundamental change, that it has complexity to it, and that the magnitude of it requires understanding and support. I seek that from you, and I know that you will generously grant that, as you always have in the past. This program will preserve and improve the benefit and its quality, I believe, at no greater cost.

Since taking the helm of military medicine early in 1990, the spectrum of events, sir, and the activities have been kaleidoscope. We have proven the readiness of the medical component of DOD to support the U.S. forces with a rapid and comprehensive deployment to the Middle East. We met the initial challenge to minimize disruption here at home on stateside medical care. We have created the environment now in which coordinated care will emerge and expand throughout the military health services system. We continue to provide quality health care, and I believe will enhance our capability to do so.

I have recognized over the last year how much I share with this committee the concerns about this system and the direction in which we must move to better control costs and improve accessibility and efficiencies. I am pleased to continue our work together to reach resolution, sir. I thank you for your attention and I will be pleased to answer questions.

[The statement follows:]

STATEMENT OF ENRIQUE MENDEZ, JR., M.D.

INTRODUCTION

Mr. Chairman, I am delighted to be before you today. It has been a little over a year since I came to the Department of Defense as the Assistant Secretary of Defense for Health Affairs, and in that year we have seen in action the full spectrum of activities in military medicine. I have learned much and I have tried to be responsive to those with a keen interest in military medicine. This Committee, in particular, has provided me with tangible support and careful guidance. I appreciate the assistance of many Members of this Committee over the past year in working toward creating a Military Health Services System that is more coordinated, responsive and efficient.

More than that, I appreciate the concern and assistance Congress has provided over the past decade to enhance the readiness posture of military medicine. In the early years following the Vietnam conflict, the military was occupied with recovery efforts and a reorientation to peacetime operations. Those were years in which military medicine concentrated on the delivery of high quality health care to all beneficiaries.

Significant strides in military medical preparedness have occurred over the last seven years. We have:

* Increased the number of medical personnel on the staffs of Unified Commands and the Office of the Joint Chiefs of Staff, to include flag medical officers.

* Standardized modular contingency hospitals (DEPMEDS) procured by the Services. 94 assemblages have been received, an additional 75 are on order and 4 are to be ordered this year, completing programmed requirements.

* Negotiated agreements with the Department of Transportation for an aeromedical evacuation civil reserve air fleet to be activated in the event of national emergency.

* Developed the National Defense Medical System to provide a single national medical response in caring for casualties from conflict, and established procedures for implementing the Department of Veterans' Affairs role as the principal backup to the military health care system.

* Revised policies and procedures for extending the life of potency and dated drugs, to include rotation agreements with industry.

* Refined technology, implemented policy, and developed capability for use of frozen blood.

* Instituted the single service medical supply system in overseas commands.

* Brought on line two 1,000 bed hospital ships.

* Developed automated communications capability to regulate the movement of patients around the world.

* Created medical teams to respond rapidly to sites of terrorist attacks.

- Introduced incentive programs and special pays to attract and retain medical professional and technical personnel for both the active and reserve components.

OPERATION DESERT STORM

Today we are witnessing the worth of these endeavors. Our health care capability amassed in the Persian Gulf region was without parallel. We have a full, and sophisticated health care delivery system. By this I mean hospitals, preventive medicine, dental care, veterinary, laboratory and radiology services, medical supply and maintenance, optical fabrication, ground and air evacuation, automated systems for communication and reporting, and integrated command and control of all these various unit capabilities. Tri-Service cooperation has never been more evident, nor more successful.

We are using the hospital ships and the deployable medical system assemblages even into this period immediately following hostilities. The Army is medically supplying logistics support to the Navy, Marines and Air Force, and our joint Service blood program has met the quantities of blood requested by the Central Command. I am proud of what our medical departments have cooperatively accomplished, and I am confident that our people have the facilities, the equipment, and the system support required to care for our patients.

There are two important points I would like to stress. First, following Desert Storm the Department faces the reconstitution and modernization of our hospital assemblages and medical equipment. Rebuilding the medical capability expended to support combat deployment necessitates application of resources to regain the readiness posture achieved prior to Desert Shield, incorporating the lessons learned from this Operation.

Second, Operation Desert Storm highlighted our reliance on reserve medical personnel. The Presidential callup activated thousands of reserve medical personnel to participate in the desert and to backfill stateside military hospitals. This Operation demonstrates the importance of ensuring that reserve units be staffed, equipped, and trained to carry out their medical missions.

In our pursuit of medical support for Desert Storm, we encountered numerous challenges. Indeed, many of you have been involved in helping us find solutions. Malpractice tail insurance for our activated reserve medical personnel, volunteers offering health care services, use of investigational new drugs, and health care for family members of activated reservists are but a few of the medical policy issues which have been addressed.

In support of Desert Storm we deployed over 50,000 active duty and reserve medical personnel to both the Middle East and Europe. Such a deployment impacted on the beneficiary population here at home. It has been a time of turbulence, and one of considerable concern that the families of our deployed forces receive the health care they need. We had nearly restored pre-Operation Desert Shield capability when Desert Storm deployments took place. Additional reserves and retirees have restored lost stateside capability. We continue to monitor the staffing posture at affected facilities to ensure the health care needs of our beneficiary population are met.

STATESIDE SYSTEM

One of the most important projects at the beginning of my tenure was a report to Congress laying out how the Department and the Services together would develop centralized accountability to assure the firm management of the medical programs, and laying out a plan for the future with an emphasis on effectively controlling costs. I submitted that report to you in June, 1990.

Most of you are aware that I brought in new staff members to head up my team--bright minds whose backgrounds and expertise brought similar philosophies and goals to the organization, but which were sufficiently different to assure a thorough analysis and dissection of each issue as we formulated our plans for the future. You know that I restructured my immediate office to reflect better the important functions and interrelationships which must occur in an efficient oversight of a medical system.

In that June report, I also first set out the essential elements of the Department's Coordinated Care Program. Its primary goal is to make more efficient use of the full capacity of military treatment facilities through managing health care utilization and coordinating its supply among various sources of care.

I reported on our new policy of closer coordination among the Services, CHAMPUS, and alternative civilian provider networks, supported by enhanced data systems.

New direction was given to establish networks of efficient civilian doctors and hospitals of proven quality, linked to our military hospitals, to hold down CHAMPUS costs for the beneficiary and the government.

A new enrollment system was outlined. The urgency of rising CHAMPUS mental health costs was recognized and a movement was begun to establish new standards to judge our effectiveness and efficiency in delivering health care in military facilities, and the need to do a better job at patient education.

The Department's Coordinated Care Program was created to build a Military Health Services System with order, a defined population, more certainty of cost and demand, and predictability and accountability as a basis of health care operations.

I recount this report to you because it establishes the baseline for progress. I am here to report that progress and show you the continuum along which that progress will proceed.

COORDINATED CARE

As the Military Health Services System stretches to respond to its first deployment under the all-volunteer military force, so too, is our peacetime mission stretching to respond to its demands.

Operation Desert Storm and the system's performance of its medical readiness mission have dominated our thoughts, but we must continue what have been major efforts on the part of the Service medical departments to improve the way we provide peacetime medical care.

Just as for Operation Desert Storm where the Services have been involved in joint action to produce the necessary result, there has been extensive cooperative effort on the Coordinated Care Program. We are working with the medical departments of the military services and the Department of Veterans Affairs, the Public Health Service, and the Coast Guard to come to grips with the military impact of spiralling costs of health care delivery in this country.

We have thoroughly reviewed the Department's initiatives and activities and sought to learn lessons from the civilian community. Based on an annual survey of almost 3000 employers, the average American corporation spent 21.6 percent more in 1990 than in 1989 to provide doctor and hospital care to its employees. The Department cannot afford such an increase.

The Department's aim is to form a more comprehensive, accountable, high quality and cost effective health care delivery system. We mean to preserve the benefit and its unsurpassed quality while instituting changes to manage utilization of health care and coordinate its supply. Experiences gained through the Department's several managed care demonstrations helped lead to the Coordinated Care design.

I wish to make clear today that Coordinated Care is not just another "demonstration project". The Military Health Services System needs a fundamental change in business practices, and that is what Coordinated Care will achieve over a three year period for our world-wide system of over nine million beneficiaries.

The centerpiece of Coordinated Care is the local health care delivery system based on arrangements between military and civilian health care organizations. These delivery systems will be locally managed with military commanders responsible for the delivery, cost, and quality of health services provided to enrolled beneficiaries in their area. The Coordinated Care Program will have local accountability with centralized monitoring at the senior Service and OSD level.

A key component is improved education of beneficiaries and health service providers. Other system-wide innovations support and complement the local health care delivery systems. Changes will include reforms of CHAMPUS provider payment methodologies, establishment of Specialized Treatment Facilities to provide high cost health care services in the most cost-effective manner, and new approaches to contracting for health care services. The establishment of participation agreements with civilian providers to accept CHAMPUS assignment and improvements in the efficiency and accuracy of a centralized claims processing system will enhance services provided to beneficiaries.

There are five major principles which guide the design and implementation of the Coordinated Care Program. The Coordinated Care Program must:

* Assure that enrolled beneficiaries have easy access to care, that the program is understandable, and that it provides high quality, cost effective services.

* Be based on the concept that health care is a personal service that is always delivered or referred locally. Consequently, local military commanders must have the flexibility to make decisions about the delivery of care.

* Have local accountability for the costs, quality, and access with centralized monitoring.

* Achieve equity among beneficiaries by eliminating, to the degree possible, geographical differences in access, quality, cost, and benefits.

* Be flexible enough for local managers to have the latitude to make management decisions about the delivery of health care services in local Coordinated Care systems and be easy to administer.

The environment for Coordinated Care has been created.

The key features of Coordinated Care and their status follow.

QUALITY ASSURANCE

Quality Assurance will remain an essential element of the Military Health Services System under the Coordinated Care Program.

We have been actively involved in structuring medical quality assurance and risk management programs since 1982. These programs emphasize a positive, non-punitive philosophy that fosters the value of professionalism. Successful impact of programs for continuing quality improvement have received unprecedented validation from external sources. One is the Joint Commission on Accreditation of Health Çare Organizations. 117 DoD hospitals were surveyed with the mean score being 84.4. This is higher than the 77.2 mean score for non-DoD facilities and serves as further objective documentation to the success of efforts made to achieve a consistently high caliber of patient care.

The Joint Commission findings are substantiated further by the results reported by the DoD Civilian External Peer Review Program. Our ongoing goal to eliminate or minimize untoward or preventable occurrences has been strengthened by this program which has provided hard data that help us identify opportunities for improvement.

When I look back on the recent progress made in quality assurance programs, I am struck by one of the major benefits to come out of our efforts: the development of an information resource that, from individual case review and retrospective quality verification, provides a mechanism supportive of quality assurance and health services improvement. Civilian peer review provides the Department an independent assessment of its inpatient health care, verifying that DoD health care practices meet or exceed desired standards and outcomes.

Further, our "lessons learned" have given us educational tools not only for the military facility, but also for the entire national medical community in development of national health care policy. For example, results of occurrences in postoperative mastectomy and lumpectomy patients were compared to findings presented in the medical literature, and it is most reassuring that our occurrence rates fall well below the rates cited in the literature. We have several significant figures related to DoD obstetrical activities based on over 98 thousand births. Our neonatal death rate of less than 4.3/1000 falls well below the national Year 2000 goal of 7/1000.

In our pursuit of quality, we continue to identify and pursue opportunities for improved care. Our Coordinated Care Program will support resource acquisition, allocation and utilization decisions that are designed to enhance the quality of our health care.

PATIENT EDUCATION AND HEALTH PROMOTION

I am sincerely committed to goal-oriented health promotion and disease prevention. The Department launched its initial health promotion program in 1986 with the issuance of a directive to enhance the quality of life of DoD personnel and other beneficiaries. This new program focused on six key areas: smoking prevention and cessation, physical fitness, nutrition, stress management, alcohol and drug abuse prevention, and early identification of hypertension.

To date, the Department has made progress in these health promotion efforts. Each of the Services has implemented physical fitness programs that ensure a specified level of fitness among service members. Nutrition related programs have resulted in reductions of saturated fat in the standard ration to 36 percent. Also, most DoD food service facilities display nutritional information about their menus and offer healthy diet choices at each meal.

The goal of health promotion is the prevention of the avoidable occurrences of illness and injury. Health promotion programs need to demonstrate the actual ability to reduce the burden of diseases, injuries and disabilities within the community. This year the Department enters a new phase in its health promotion effort. We will implement a measurable, scientifically based program which views health promotion as the systematic diagnosis and treatment of the health status and health needs of specific populations within our overall community.

This approach views the course of an illness as passing from wellness to disability and death through a series of phases. The onset of disease is caused by exposure of a healthy person in the susceptible phase to one or several risk factors for the disease. The individual will then pass through preclinical, clinical and disability phases. Transitions between phases are marked by the development of symptoms and the diagnosis of the illness. Within this framework of the spectrum of illness, the task of health promotion is the reduction of the impact of disease and injury on the population by eliminating an individual's exposure to the risk factors for illness.

The scientific diagnosis and treatment of the DoD community will begin with epidemiologic studies of the incidence of illnesses within the community. DoD's health promotion initiatives will expand from a concentration on a few diseases to programs directed toward the most detrimental population-specific risk factors. We will target our efforts at those illnesses which pose the greatest reduction in productivity and place the largest demands on our available resources.

As a part of this process, the Department has reviewed and adopted a set of the HEALTHY PEOPLE 2000: National Health Promotion and Disease Prevention Objectives for the Year 2000 published by the Department of Health and Human Services in September 1990. Our initiative, DEFENDING HEALTH 2000, is led by the DoD Health Promotion Coordinating Committee representing the four uniformed services and the Defense Agencies.

It is noteworthy that while 39 percent of our objectives relate to providing appropriate clinical preventive services, 49 percent are concerned with occupational health, safety, environmental health, nutrition, physical fitness and substance abuse. At this time, the Department has initiated programs that begin to address 90 percent of the objectives laid out by the Coordinating Committee. We will continue to work to ensure complete implementation of the DEFENDING HEALTH 2000 program.

We also have pursued a plan to slow the transmission of the Hepatitis B virus in the United States. Several of you have particular interest in this area. Currently, the Surgeons General and I are working together to continue with full screening of pregnant women and immunization of infants of HBV carriers, individuals in areas of high endemnicity, and susceptible health care workers. We will also move forward to mirror the Centers for Disease Control national program of universal immunization of infants. This program further demonstrates the Defense Department's dedication to total quality health.

ENROLLMENT

The enrollment process of the Coordinated Care Program is designed to allow each Military Treatment Facility (MTF) Commander to manage the utilization of health care services for the enrolled population. This will improve the MTF Commander's ability to plan and budget for a defined population. The enrollment process will also let beneficiaries know that the MTF Commander is responsible for ensuring that they receive access to high quality care.

Our beneficiaries will soon be notified about our new Coordinated Care Program. The initial information they will receive will inform them of their need to decide whether or not to enroll in the Coordinated Care Program. The beneficiary who enrolls will be ensured of access to high quality medical care through the Medical Treatment Facility and health care networks in the Military Health Care System. Their care will be under the direction of the Commander of their local MTF. Enrollment will be phased in as local health care networks are developed by MTF Commanders.

CHAMPUS eligible beneficiaries who choose not to enroll will continue to receive their care from a civilian provider of their choice under a CHAMPUS benefit package.

SPECIALIZED TREATMENT FACILITIES (STF)

Another feature of the Coordinated Care Program will be the establishment of specialized treatment and referral centers for high cost, high technology procedures that require a minimum volume of care by a highly trained medical team for quality outcomes at acceptable costs.

Types of care that lend themselves to this specialized treatment concept include open heart surgery, major burn care, neonatal intensive care units, bone marrow and organ transplantation, and HIV centers.

These centers will concentrate specialty expertise in either regional or national centers for use by eligible beneficiaries. Any cost required to establish a support center must be more than offset by the economies of scale, minimized duplication and reduced morbidity and mortality. These facilities will be designated in direct care facilities and under CHAMPUS.

CATCHMENT AREA MANAGEMENT (CAM)

We continue to pursue the catchment area management concept in conjunction with Coordinated Care.

The Department and Services are reviewing their CAM programs. The existing CAMs will be absorbed into the Coordinated Care Program. We are assessing the successful aspects of each of the CAM programs and incorporating the lessons learned into the design of Coordinated Care Program. We also have begun development of our first tri-service project in the Tidewater, Virginia area. The Navy is lead agent for the project.

As we proliferate Coordinated Care Models, we are evaluating the data systems in use or under development. We have learned that accurate and detailed data are critical to our ability to negotiate cost effective agreements with civilian health care providers. We will also rely on the enrollment incentives of our Coordinated Care Program rather than enhanced benefits as a method to encourage enrollment in future projects.

MENTAL HEALTH BENEFIT

Since 1966, when CHAMPUS coverage was legislatively expanded to include mental health services, the cost and utilization of these benefits have grown steadily -- and at rates exceeding those of all other types of care. Between fiscal years 1986 and 1989, more than 37 percent of the increase in CHAMPUS cost was attributable to mental health care. In FY 1989 alone, CHAMPUS mental health expenditures exceeded $600 million, the major portion of which was for care of children and adolescents (ages 10 to 19 years).

Like this Committee, the Department is very concerned with the growing costs in CHAMPUS, and in particular, with the alarming trends in the cost of mental health care. Thus, as part of the overall effort to reorganize the Military Health Services System, DoD will be implementing its Coordinated Care Program to improve the efficiency and effectiveness of health care delivery. Specifically, regarding mental health, the Department has undertaken several initiatives. These efforts include establishment of a national mental health utilization management program, adoption of certain payment reforms, and a number of important demonstrations.

Current information on utilization suggests that there are significant differences in rates of admissions and lengths of stay in certain states, catchment areas, and provider institutions. Thus, additional effort to assure appropriate high-quality mental health care must be focused on the identification of areas and provider groups that demonstrate significantly different behavior in contrast with the majority of mental health professionals providing care to our beneficiaries. Because the CHAMPUS mental health benefit remains generous, even with the recent Congressional changes, additional efforts also must be directed toward system-wide enhancements to utilization and cost management.

Another equally important principle in developing and implementing the mental health cost containment program within the framework of coordinated care is the need to assure that accessibility to appropriate high quality services for our beneficiaries is provided. While it is clear that utilization management is needed due to current unnecessary admissions and excessive lengths of stay, we will focus not only on assuring that the requirements for appropriate care are met but also on oversight mechanisms to independently assess quality and proper utilization management approaches.

Therefore, as directed, the Department has developed a CHAMPUS Mental Health Cost Action Plan. To be undertaken within the frame-work of our Coordinated Care Program, elements to the Plan include utilization management enhancements, benefit modifications, changes to provider reimbursement methodologies, and other management initiatives.

CHAMPUS FINANCING

There are several changes to CHAMPUS financing in the works. First, we are proceeding with implementation of an increased CHAMPUS deductible, effective April 1. Beneficiaries have been notified of this change and the transition to the increased deductible will be smooth. We approached the change with one underlying principle--that there would be simplicity to the transition. Care received prior to April 1 will be subject to the old deductible; care received after April 1 will be subject to the new one. Beneficiaries get credit toward meeting the deductible for care received anytime during the year.

Also, professional services payment limits have been frozen effective January 1, 1991. We are conducting analyses to determine appropriate reductions in payment limits for certain procedures and increases in limits for other procedures. A formal rulemaking action on the latter changes this fiscal year will enable public comment prior to implementation.

We are all interested in the CHAMPUS budget. The current President's budget of $3.5 billion reflects an amount adequate to fund the CHAMPUS estimated requirement for FY92. However, these estimates do not include any increases as a result of Desert Storm.

We must all recognize that the role of the CHAMPUS program in the Military Health Services System has changed since its inception. What was designed as a protection and overflow program for a limited portion of the beneficiary population has changed to be not the financer of that care, but, instead a major program for provision of care. Under CHAMPUS the individual beneficiaries have been independent contractors for their care. DoD has only recently gained limited control over cost, quality, and appropriate utilization. By marrying the direct care and CHAMPUS systems through Coordinated Care, DoD can improve access to care, control costs of providing that care, and have control over utilization.

CHAMPUS REFORM INITIATIVE

The CHAMPUS Reform Initiative has been a program of high visibility over the last several years. CRI appears to be controlling CHAMPUS costs both for the Government and military families. The CRI has balanced cost containment with improved access and high quality care and is improving our military treatment facilities' ability to meet their vital missions. According to a preliminary RAND analysis, total CHAMPUS costs in the CRI area increased by 2 percent between 1987 and 1989 while CHAMPUS costs in the other 48 states increased 16 percent.

It is the Department's assessment that the CRI contractor appears to be meeting, and in some instances, exceeding, the requirements of the contract. To date, the actual cost of the CRI contract to the Government is approximately 95 percent of the original bid price. Also the CRI program has demonstrated its flexibility to provide continuity of care during national deployments like Operation Desert Storm by a timely augmentation of depleted stateside military resources with civilian resources.

The current contract is scheduled to end on January 31, 1993. The Department has begun planning for procurement of a modified version of this managed care initiative. Any new contract will bring the revised program more in line with the Coordinated Care Program. The Department plans to have the Request for Proposal available for prospective offerors within the next six months.

The Department will not exercise an option to expand the CRI into Arizona, Nevada and New Mexico during the current contract. This decision is consistent with the Department's commitment to expand the CRI only when, and if it will avoid health care cost for the Government and our military families. Our decision not to extend the contract to Arizona, New Mexico and Nevada was based on the determination that, after excluding the populations in the Phoenix, Arizona and Albuquerque, New Mexico areas because of Air Force demonstration projects there, inadequate time and numbers of beneficiaries remain under the current contract to implement and recover the cost of expansion. The decision in no way reflects a lack of confidence in the CRI, its cost avoidance potential, or the CRI contractor. It is based on the economics of a specific market-place during a specific period in time.

UNIFORMED SERVICES TREATMENT FACILITIES (USTFs)

We have focused a great deal of attention on instituting a managed health care model for the Uniformed Services Treatment Facilities (USTFs). We hope to implement this plan by the fall. The model embodies standard HMO features including enrollment, capitation payment, utilization review, quality assurance and preventive care. The model works to align USTFs with the Coordinated Care Program, including the enrollment design. The managed care model has great potential for improving the cost effectiveness and management of the USTF program.

NEW ORLEANS PROJECT

This project will be our first demonstration effort to contain costs, improve beneficiary satisfaction with CHAMPUS, and implement Coordinated Care principles in an area not served by a military hospital. The economics of the region have made this a difficult project to initiate. However, the procurement is ongoing and we expect to reach a springtime decision about contract award with services beginning this fall.

OTHER FEATURES OF COORDINATED CARE

Coordinated Care is the program that will help tie together a variety of exciting health care demonstrations into a coordinated system. There are two other program elements I would like to address.

VA/DoD SHARING

As I have mentioned, the Department of Veterans Affairs is the primary backup to the military medical system in an emergency. Also, VA/DoD sharing will continue and, in fact, be integral to the Coordinated Care Program that emphasizes the provision of the most cost-effective care.

Opportunities for sharing resources between these two agencies and saving Federal dollars appear to be significant. The VA and DoD have wholeheartedly endorsed the spirit of sharing. Over 150 VA facilities have operating agreements with 199 military medical facilities and other military commands. There are also about 180 reserve component units involved in sharing agreements during FY 1990. All VA medical centers within 50 miles of a military facility have sharing agreements. In FY 1990 there were an estimated 3000 services shared. The types of services covered by sharing agreements range from major medical and surgical services, laundry, blood, and laboratory services, to unusual specialty care services.

The law now allows the use of CHAMPUS money to reimburse VA Medical Centers for services provided to CHAMPUS beneficiaries. Significant intra-agency effort and coordination are occurring in both the VA and DoD in analyzing the administrative, programmatic, and fiscal issues involved. There has also been interagency coordination identifying issues and exploring a mutually acceptable methodology under which the agencies might enter an agreement.

A major area of VA/DoD sharing is joint venture construction of health care facilities. Where it is in the best interest of the government, the VA and DoD have been working closely together to develop joint ventures. The first operational joint venture is the facility at Kirtland AFB. in Albuquerque, New Mexico. I visited this facility recently and can verify its success first-hand. The Air Force is operating a wing in the newly built VA hospital. A comprehensive health care clinic was completed in August 1989 adjacent to the VA Hospital. Construction of a new dental clinic has been completed. Through this sharing effort, the Air Force has avoided approximately $10 million in construction costs and is producing additional savings through multiple sharing agreements within the facility.

Another first is a new 128-bed hospital under design at Nellis AFB. This is the first joint venture planned from the ground up to accommodate both VA and DoD beneficiaries. Joint ventures are being evaluated at nine other sites around the country.

Congress has expressed concern in the past for enhanced tracking of expenditures and savings from VA/DoD sharing programs. We are putting administrative procedures into place to assess more fully the impact of the savings throughout DoD attributable to VA/DoD sharing. The emphasis on local administration and program flexibility built into the VA/DoD sharing programs, combined with central monitoring and tracking, parallel the DoD's Coordinated Care Program - local accountability with centralized monitoring.

I am sure that sharing between VA and DoD will become an even more significant element in the comprehensive array of care available to DoD beneficiaries. Fiscal responsibility demands that we save Federal dollars where possible and where there is no adverse impact on the quality and availability of care to beneficiaries of either agency. I also expect sharing to increase because it is a priority of mine and of my colleague, Dr. Jim Holsinger, Chief Medical Director for the Department of Veterans Affairs. I believe that sharing with the VA is a DoD mandate for today and the future.

COMPOSITE HEALTH CARE SYSTEM

The Composite Health Care System is designed to provide an integrated medical information system and unified automated patient information in military hospitals, and is currently in the operational testing and evaluation phase at twelve sites. CHCS will provide essential support for our Coordinated Care Program. In light of the decisions made over the last year on the Coordinated Care design, we are now in the process of determining the total value of the CHCS program to us in its present design. CHCS must function as an enhancement to the Coordinated Care Program. Integrated Information Management Systems such as CHCS will enhance decision-making at the local level. These support systems will continue to be modified as required to support Coordinated Care. All of our information management efforts are being incorporated into the Department's Corporate Information Management (CIM) initiative. CIM is a major Department effort to consolidate and reduce redundancy of information system support.

FEDERAL NURSING SCHOOL

The Department's task force to study the feasibility of a federal nursing program has completed its first phase. The task force's proposal is presently being reviewed by the Services, the Office of the Secretary of Defense, the Department of Health and Human Services, and the Department of Veterans Affairs. Concurrently, we are obtaining additional information from the Services to assist in assessing the need to pursue a federal nursing program. This is in keeping with this Committee's direction that the Department base the need for a federal nursing school on cost effectiveness and other potential benefits to the government.

Before taking any final action on establishing a federal nursing program, we will provide you a report.

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES (USUHS)

I know the Uniformed Services University of the Health Sciences is of particular concern to this Committee. Let me take a few minutes to address the current situation at USUHS. As you know, the USUHS is this year a new responsibility of my office.

The Department has moved quickly to respond to concerns set out by Congress and the Department of Defense Inspector General.

The significant managerial and personnel problems identified at the USUHS have been tackled. A major administrative reorganization of the University resulted. That includes making the Board of Regents for the University advisory to the Secretary of Defense and the delegation of the responsibility for the management of the University to my office.

A search is underway for a new President. A new DoD directive is about to be issued that establishes new rules for operating the University as a fully accredited medical school. Also policy has been issued defining the business relationship between the University and the Henry M. Jackson Foundation. Management of the personnel office has been transferred to Washington Headquarters Services of the Office of the Secretary of Defense to allow use of the full personnel expertise of DoD to correct past practices. Senior management changes have occurred. The Public Affairs Office has been closed. The functions of the Military Medical Education Institute (MMEI) have been transferred back to the U.S. Army.

Despite the many corrections and changes in management the University continues in its mission of producing high quality, career-oriented health professionals for the Uniformed Services.

I remain committed to the mission of the University.

CONCLUSION

Since taking the helm of military medicine early in 1990 the spectrum of events and activities has been kaleidoscopic. We have proven the readiness of the medical component of DoD to support U.S. Forces with the rapid and comprehensive deployment to the Middle East. We met the initial challenge to minimize disruption in stateside medical care. We have created the environment in which Coordinated Care will emerge and expand throughout the Military Health Services System. This is a comprehensive plan to change the fundamental way care is provided to our entitled beneficiaries. I urge your understanding of the complexity and magnitude of implementing, over a 3 year period, the changes in policy, behavior, and systems required to support the $13 billion of health care provided to over 9 million beneficiaries. We continue to provide quality health care while enhancing our ability to generate quality improvements.

I will be pleased to answer any of your questions.

Senator INOUYE. Thank you very much, Doctor. Before I proceed, I would like to commend you and your staff for the way you responded to the mandate of the Congress in looking over the Uniformed Services University. We are very pleased with the work you have done in a short period of time, and I think the university is well on its way now.

Dr. MENDEZ. Thank you, sir. It still needs support, Senator Inouye.

Senator INOUYE. There are those who still question the feasibility of maintaining that university, as you know. They have been comparing the costs of producing a doctor at your university as compared to producing a doctor in some other medical school.

QUALITY ASSURANCE

About a week before the commencement of the ground offensive, the Secretary of Defense asked four of us—the chairman of the Armed Services Committee, the chairman of the Defense Appropriations Committee, and our ranking minority members—to go to Desert Storm to inspect and assess. I presume we were sent there to determine whether our troops were ready.

While there, I spent considerable time looking over your activities. I spent much time on the *Mercy*, and, needless to say, I was very much impressed. I did not expect to see a CAT scanner on a hospital ship like that. I was impressed with all of the facilities—the operating rooms, the labs, and such.

I was impressed with the readiness of the specialized chemical treatment centers and your field hospitals. I am happy that we did not have to use all of these facilities, but it was apparent to me that the men and women under your command in those facilities were well prepared. They were in high spirits and ready to tackle any and all problems that they were confronted with.

This was, as you pointed out, a well-coordinated endeavor on our part. Keeping that in mind, I would like to ask this question. All of the services here have their health services. They have their hospitals and clinics. Are you satisfied that the quality of service and the accessibility of services for each of these services are comparable and equal?

Dr. MENDEZ. I believe they are indeed comparable. The organizational base of the services are different, Senator Inouye, and they are different because they basically pattern after the organizational layout of their respective services. The presence of a Health Services Command in the U.S. Army is different than the way the local command structure and its relationship to the medical structure in the Navy is, or the presence of the surgeons in each of the major commands of the U.S. Air Force.

So there are differences with that. However, in terms of the clinical base, the quality assurance that has to do with the clinical evaluation of their services, I believe those are indeed quite comparable. There are differences in each of the structures as to the composition of the units that support the hospital. You know, there might be orthopedic surgery in one and not orthopedic surgery in the other, depending upon the size of the population that is being treated. So there can be clinical display differences between one hospital or one facility and another.

But I believe that the very basic nature of the quality base is the same. Now we have ways of telling that, sir. And the way clearly is by the use of our peer evaluation process. We use a civilian peer evaluation process and that peer evaluation process has been a very significant way of checking ourselves with an external source in terms of quality assurance. So the civilian external review program gives us one answer that way.

We asked the Joint Commission on the Accreditation of Health Care Organizations also to evaluate our quality. That fielded such a good result that I am very, very satisfied in terms of being able to assure you of the quality. And, by the way, that was a triservice evaluation.

Senator INOUYE. As you know, my primary contact with the health services would be through Walter Reed. It is in the city of Washington.

Dr. MENDEZ. I recollect that is where we met, sir.

Senator INOUYE. That is right; and obviously I have nothing to complain about. In fact, I am very much impressed with the activities in that hospital. For example, I notice the involvement of legions of local doctors in assessing and training personnel there.

Is that relationship maintained in other hospitals in other services?

Dr. **MENDEZ.** Yes, sir; it is maintained, and the local physicians that you see are not only in the assessment and evaluative mode; indeed, some of them are in a sharing mode; namely they may be consultants. The others may be in a teaching mode, and you will find that at every one of our medical centers where we have an exchange process with downtown, if you will, in which we share both our commitment to teaching and accept their commitment to teaching. Walter Reed characteristically—and the same for the other medical centers, Bethesda, Malcolm Grow for the Air Force—will have that same type of effort.

I believe that not only the commingling that comes out of that but indeed the sharing that results, including differences in professional opinions, the matter of joint research, and the matter of being able to evaluate and adjudicate therapeutic endeavors is an important output of just that type of relationship. It occurs, and I think it occurs very well.

SUPPORT PERSONNEL

Senator **INOUYE.** Doctor, I am looking forward to your report on the nursing school because I am concerned, like all of my colleagues, about the shortage of nurses, not just in the military but throughout the Nation. I am just hoping that we can maintain a high number of nurses in our forces.

Having said that, in discussing health delivery with your professionals one of the concerns expressed to me time and time again is the fact that these professionals, these physicians, high-ranking physicians are called upon to do secretarial work. For example, they have to do the typing and filling out forms and answering telephones.

Are we providing better support to these professionals?

Dr. **MENDEZ.** We have been able to provide better support in the last few years. Do I think personally that it is enough, Senator? At this point, I still do not. There are a whole host of requirements, rather mundane requirements, such as you pointed out, that go from either the obtaining of a record or the calling of a patient which I believe can still stand some degree of improvement.

We have certain ceilings in terms of personnel and costs that play on that, as you know. But let me tell you, just to strengthen what you yourself said, if you look at the dissatisfiers that physicians will share with you they will share that dissatisfier even before they share the dissatisfier of pay differentials in terms of their specialty income.

So it is a tangibly felt thing. And it works two ways—negatively, the way that you have pointed out, the way I just pointed out. But also it may tend to decrease effectiveness and productivity. One of the things, and just what you are talking about, if we were to get into a coordinated care mode where we do extend ourselves within the consequence of a civilian endeavor in a catchment area, I believe that the ability to be able to remedy this through contractual slices could be significantly improved.

DIFFERENTIAL PAY

Senator **Inouye**. The other area of concern expressed to me is the obvious differential in pay between military health personnel and civilian contract personnel. They are working side by side. One is getting double the pay of the other. How can we resolve that?

Dr. **Mendez**. Well, it is a difficult thing to resolve. The contractual personnel have particularly been aimed at those specialties in which we have had significant problems in retention. The retention portion, particularly in the surgical specialties, sir, is where we have had the difficulty.

There have been significant increases in pay, as you know, over the last few years, but still there are differences, particularly in the surgical portion of the pays, so that the individual looks at not only the lifestream earnings portion, but at the individual reward, particularly if he is several years out of residency. That part of it has to continue to preoccupy us in terms of the surgical specialties so that we mediate that.

Now, with the analysis that we have done recently in pay—and we have indeed sent in a report to that effect—the marriage, if you will, of the pay structure with not only the specialty groupings but the retention statistics for each specialty grouping may indeed be a good way to be able to adjudicate the remedy to where the problem is a little faster than in prior times.

But it is difficult to be able to cause absolute pay parity in the surgical specialties, especially like neurosurgery and orthopedics particularly. Those are partial answers to your question, and I realize they are, sir, rather than absolutely complete.

Senator **Inouye**. I hope we can resolve that because I recall discussing this matter with a nurse-anesthetist, and she said: "You know, I have been working here a long time with another nurse-anesthetist who happens to be on a contract. She is getting nearly three times what I am getting, and I am seriously considering going out there and maybe coming back as a contract worker." So I hope we can do something about that.

TWO CHANGES IN NURSING COMPENSATION

Dr. **Mendez**. I think your example is a good one, sir, if I may comment, because there have been increases in nursing salaries in the country. In the case of nurse anesthesia, however, we have gone to a special differential in compensation specifically for that particular specialty, Senator Inouye. There were two changes in nursing compensation fairly recently, one of which was aimed at new accessions—namely a bonus upon commitment to active military service—and the other one was indeed in nurse anesthesia as an attempt at causing greater retention because of what you are talking about.

Senator **Inouye**. Doctor, I have many other questions I would like to submit to you. Most of them are technical in nature, requiring numbers and statistics. So, if I may, I would like to get your responses to them.

Dr. **Mendez**. All right, sir.

Senator **Inouye**. Once again, I thank you very much and, through you, the men and women who served so effectively in Desert Shield and Desert Storm.

Dr. **Mendez**. Well, I appreciate very much the kind words, and I appreciate your very gracious welcome to me here in the subcommittee, Senator Inouye. It is a pleasure to be with you, sir.

Senator **Inouye**. Thank you.

GENERAL ACCOUNTING OFFICE

STATEMENT OF DAVID P. BAINE, DIRECTOR, FEDERAL HEALTH CARE DELIVERY ISSUES, HUMAN RESOURCES DIVISION, GENERAL ACCOUNTING OFFICE

ACCOMPANIED BY:

STEPHEN P. BACKHUS, ASSISTANT DIRECTOR, FEDERAL HEALTH CARE DELIVERY ISSUES, HUMAN RESOURCES DIVISION, GENERAL ACCOUNTING OFFICE

LYNN JOHNSON, NORFOLK REGIONAL OFFICE, GENERAL ACCOUNTING OFFICE

Senator INOUYE. Now we call upon Mr. David P. Baine, Director of the Federal Health Care Delivery Issues in the Human Resources Division of the General Accounting Office. We have asked Mr. Baine to give us a snapshot view of what GAO thinks the military medical system should look like in years to come.

Thank you very much for coming, sir.

Mr. BAINE. You are more than welcome, Mr. Chairman.

INTRODUCTION OF ASSOCIATES

Mr. Chairman, I would like to take a moment, if I might, to introduce my colleagues. This is Mr. Steve Backhus, who is on my staff and does much of our defense health work, and Mr. Lynn Johnson from our Norfolk regional office, who has done a great deal of work over the last 9 months or so on the demonstration projects that DOD has run throughout the country.

NEEDED CHANGES IN MILITARY HEALTH SERVICES SYSTEM

Mr. Chairman, as you know, over the last decade we have addressed many issues at your request that deal with the military health care system. Therefore, we very much appreciate the opportunity to present our views on changes that need to be made to the military health services system and some suggestions for how best to achieve them.

At the outset, let me say that we agree with DOD's efforts to develop and institute systemwide managed care for its beneficiaries. Our testimony, therefore, will focus on those efforts to implement this fundamental change in the system.

To fully appreciate the significance of the system changes we believe are necessary and the DOD is contemplating, as Dr. Mendez has just laid out for you, it is important to focus briefly on the problems that the military health system is confronting. The Department faces difficult challenges because it is both one of the Nation's largest providers and a payer for care for millions of military beneficiaries. It must also be ready to support troops in wartime, as the Persian Gulf mobilization has recently illustrated. It serves as a training ground for thousands of health care providers.

The military health services system currently lacks sufficient incentives and tools to control expenditures and provide accessible health care on an equitable basis. As we reported to you last March, in recent years we have seen budgeting problems in the form of massive cost overruns in the CHAMPUS program that stem in part from DOD's not being able to control, and thus predict, health care expenditures.

The managed care models being developed and tested in DOD for the delivery of both medical and mental health services contain features to provide the necessary incentives and disciplines to purchase and provide health care more efficiently. These include local accountability, as Dr. Mendez mentioned to you, enrollment and primary care managers, utilization management and quality assurance, provider networks and discounts, and uniform benefits and cost sharing.

INFORMATION SYSTEMS

One thing that he perhaps did not emphasize that we would like to emphasize is the importance of information systems as DOD begins to implement this managed care program. Better information than is now available is needed under managed care for hospital commanders to effectively negotiate pricing agreements with civilian providers, to develop accurate budgets for their operations, monitor utilization, and learn more about successful projects in other areas of the country.

Also, civilian providers who participate in networks expect and deserve accurate payment for their services. The importance of this issue cannot be underestimated, as evidenced by the substantial problems encountered by the claims processing contractor under the CHAMPUS reform initiative. These difficulties nearly caused the project to be terminated without having been given a fair chance to work.

We strongly urge that claims processing modifications necessary as a result of adopting a managed care approach be fully operational before health care is actually delivered under such a system.

MANAGED CARE EFFORTS

Mr. Chairman, we believe that DOD, as I mentioned before, is clearly headed in the right direction with its managed care efforts. Its adoption of this as the centerpiece of its efforts to refine the health care system offers real potential for gaining more control over costs, improving beneficiary access, and maintaining high-quality care.

Having said this, however, we see many operational difficulties and decisions that still need to be made that will significantly affect DOD's efforts to operationalize this concept. Because of this, it is important that expectations for the success of managed care be tempered by realism about the prospects for immediate beneficial results. The Department needs time to work through how best to equitably and fairly accommodate those affected while achieving its goal of controlling the cost growth military health care has experienced over the last decade.

Before concluding my statement, Mr. Chairman, I would like to take a moment to raise several other military issues, perhaps outside the realm of managed care, that we believe warrant the subcommittee's attention. First, changes to the military health care system may be needed as a result of the planned downsizing of the military. The issue here is the extent to which, and when, medical resources should be reconfigured or cut back, since many of the individuals who leave the services, and their dependents, will remain eligible for military health care.

Second, we believe there needs to be a comprehensive assessment, as you alluded to, of the opportunities for making more efficient and effective use of medical personnel.

Third, we believe that there are additional opportunities for sharing medical resources with the Department of Veterans Affairs, which should be pursued before large capacities are added to the two health systems.

Fourth, we believe there should be an assessment of physician and other nonhospital-provider payment reforms under CHAMPUS, as is currently going on under Medicare. Finally—and you mentioned this before, too, Mr. Chairman—the consolidation in administrative command structures of the services' medical departments should be considered to identify potential opportunities to streamline operations and improve efficiencies.

That concludes our statement and we will be glad to take your questions.

[The statement follows:]

STATEMENT OF DAVID P. BAINE

Mr. Chairman and members of the subcommittee, we are pleased to be here today to provide our views on changes that need to be made to the military health services system and some suggestions for how best to achieve them. At the outset, let me say that we agree with the Department of Defense's (DOD's) recent efforts to develop and institute systemwide managed health care for its beneficiaries. Therefore, my testimony will focus principally on those efforts to implement this fundamental change in the military health care system. We will also briefly discuss other issues that we believe will affect the future direction of DOD's health care activities.

It is important to note that DOD has not yet made several difficult decisions regarding how its managed care efforts will be implemented. Thus, our views are based on our close tracking of planning activities in the Office of the Assistant Secretary (Health Affairs) and in the offices of each surgeon general, discussions with these officials or their top staff, and our experiences in dealing with both military and private sector health care issues. We have also reviewed DOD's major health care demonstration projects with a focus on their managed care features.

Mr. Chairman, as you know, the use of managed care as a tool to help control health care costs while providing accessible, high-quality care to beneficiaries is not new. It has been attempted in various forms throughout the nation's health care system through health maintenance organizations (HMOs) and other "case management techniques." Its use in DOD, however, has been limited to congressionally mandated demonstration projects, of which I know you are aware.

The objective of managed care is to closely coordinate and organize health care resources to address specific medical problems of patients and to control the cost and volume of the health services delivered. It involves (1) providing a case manager, through whom all medical care is provided or referred, (2) seeking alternative health care settings, usually at lower cost, (3) establishing strong utilization and quality assurance programs to ensure that only appropriate, high-quality care is given, and (4) providing financial and other incentives to promote the delivery of cost-effective care. Managed care can be applied either in a prepaid health care setting, such as an HMO, or with fee-for service reimbursement.

To fully appreciate the significance of the changes we think are necessary and DOD is contemplating, it is important to focus briefly on the problems that military health care is confronting.

MILITARY HEALTH CARE CHALLENGES AND PROBLEMS

DOD faces difficult challenges because it is both one of the nation's largest health care providers and a payer for the care for millions of military beneficiaries. These challenges are made even greater because it also must be ready to support troops in wartime, as the recent Persian Gulf mobilization illustrated, and it serves as a training institution for thousands of health care providers. These missions, of necessity, add considerably to the system's costs.

The military health services system, as currently structured, lacks sufficient incentives and tools to control expenditures and provide accessible care on an equitable basis. As we reported to you last March, Mr. Chairman, in recent years we have seen budgeting problems in the form of massive cost overruns in CHAMPUS[1] that stem, in part, from not being able to control and thus predict health care expenditures in DOD. Of particular concern is the continuing growth in CHAMPUS mental health costs.

CHAMPUS beneficiaries are able to seek primary or specialty outpatient care from whomever they choose. The costs for these decisions, however, are borne mostly by DOD, which has virtually no say in whether the care is appropriate or whether the most cost-effective providers are selected.

In the inpatient arena, many DOD facilities are underused, thereby creating incentives to inappropriately admit patients and retain them longer than medically necessary since facilities' budgets are typically based on their workloads. Other facilities are understaffed and inaccessible to patients, resulting in care being provided in more expensive civilian hospitals. Again, DOD pays the lion's share of these costs without sufficient utilization controls.

The managed care models being developed and tested in DOD for the delivery of both medical and mental health services contain features designed to provide the necessary incentives, authorities, and disciplines to purchase and provide health care more efficiently. I would like to address each of these topics and offer suggestions for implementing them, based mostly on lessons learned from past and current demonstrations.

LOCAL ACCOUNTABILITY

Military hospital commanders should be responsible for the provision of health services to all beneficiaries in the hospital's service area, including care delivered by civilian providers under CHAMPUS. Currently, DOD's hospital commanders do not control beneficiaries' access to care delivered in civilian settings, nor do they have fiscal responsibility for such care. In fact, incentives exist for them to push costly care out of their facilities and into the civilian sector. Placing effective control, fiscal responsibility, and accountability for beneficiary care at the local military hospital level will help provide needed incentives and authorities to manage more effectively, such as by directing patients toward the lower priced quality providers and the least costly setting.

The demonstrations, to date, indicate that the concept of local accountability can work on a systemwide basis. Hospital commanders who have this responsibility are finding innovative ways to obtain and manage civilian care for their beneficiaries. However, there is a need for better budgeting tools, improved performance indicators, and much more technical assistance in the area of negotiating for and procuring civilian medical services before moving ahead with such efforts systemwide.

ENROLLMENT AND PRIMARY CARE MANAGER

Under DOD's managed care program, beneficiaries should be enrolled and assigned to primary care providers (gatekeepers), through whom all of their medical care will be delivered or referred. Real enrollment—rather than merely registration as is now done under the Defense Enrollment Eligibility Reporting System—is important because this is the principal mechanism by which beneficiaries' health care needs will be managed. The key to managed care is that no care will be paid for that is not approved and directed by the gatekeeper, who will decide the most appropriate and cost-effective settings and sources of care for beneficiaries.

Experience with the demonstration programs around the country has shown that beneficiaries need strong incentives to enroll because they view managed care as taking away their freedom to choose physicians. The demonstrations also have shown that the enrollment process must be phased in so that the number of beneficiaries allowed to enroll is based on the capability of the managed care system to assign a primary care provider for each enrollee. This means that networks of private providers should be developed before beneficiaries are enrolled.

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[1] Civilian Health and Medical Program of the Uniformed Services—a DOD program to finance private sector care for 6.7 million eligible non-active-duty beneficiaries.

UTILIZATION MANAGEMENT AND QUALITY ASSURANCE

Strong utilization management and quality assurance programs are needed to help assure that only appropriate, high-quality care is given. Presently, utilization management in DOD is an uncoordinated mix of preadmission, concurrent, and retrospective reviews of care provided in both military and civilian facilities. A more complete and systematic program is necessary, as DOD medical officials have recognized.

PROVIDER NETWORKS AND DISCOUNTS

Because military facilities cannot accommodate all DOD beneficiaries who seek care, networks of civilian providers need to be established to augment their capabilities. The goal is to encourage providers participating in such networks to agree to substantial discounts from the fees they charge under the current military health care system.

Developing networks of private providers, including negotiating discounts, requires expertise and data that many military hospital officials do not possess, as DOD's demonstrations have shown. As a result, some hospital commanders will need the assistance of consultants or contractors to help establish networks with the right mix of providers, establish necessary assurances that these providers meet quality standards, and negotiate appropriate discounts.

UNIFORM BENEFITS AND COST SHARING

Under managed care, we believe that each category of enrolled beneficiary[2] should have uniform benefits and cost-sharing requirements. This should be the case without regard to where the beneficiaries receive their care or where they live. Currently, benefits available from military facilities differ from those offered under CHAMPUS. Also, care in military facilities is essentially free, whereas that delivered by civilian providers under CHAMPUS involves considerable cost sharing. In addition, achieving uniformity in benefits and cost sharing within each category of beneficiary should remove much of the confusion and uncertainty that beneficiaries have about their medical benefits. At this time there are benefit differences among the demonstration sites, but no clearly superior choice has yet emerged.

INFORMATION AND CLAIMS PROCESSING

Better information than is now available is needed under managed care for hospital commanders to effectively (1) negotiate pricing agreements with civilian providers, (2) develop accurate and realistic budgets for their operations, (3) monitor utilization and other performance aspects, and (4) learn about successful innovations at other hospitals.

For example, to create an effective local provider network, managers will need (1) information on individual physician practice patterns to identify how their use of health services compares to those of other providers, (2) profiles of their billings to negotiate discounts, and (3) data on their patients' outcomes to monitor the quality of care delivered. In reviewing the processes in place for disseminating data on local hospital initiatives, we found that the services need to take a more proactive and systematic approach to sharing information with each other.

Civilian providers who participate in networks expect and deserve timely and accurate payment for their services. The importance of this issue should not be underestimated. I need not detail for you the substantial problems caused by the claims processing difficulties initially experienced by DOD's CHAMPUS Reform Initiative contractor. This one issue almost caused the project to be terminated without being given a fair chance to succeed. We strongly urge that any claims-processing modifications that are necessary as a result of adopting managed care techniques be fully operational before health care is delivered under such a system.

IMPLEMENTING MANAGED CARE WILL TAKE TIME AND REQUIRE CONTINUED OVERSIGHT

Mr. Chairman, as I stated at the outset, we believe that DOD is clearly headed in the right direction with its managed care efforts. Its adoption of managed care as the centerpiece of its efforts to refine the military health care system offers the real potential for gaining more control over costs, improving beneficiary access, and maintaining high-quality care. The features outlined in DOD's current plans embody many techniques that have proven to be successful in achieving these objectives, and its apparent commitment to these efforts greatly improves its chances for success.

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[2] Dependents of active duty members, retirees and their dependents, etc.

Having said this, however, we see many difficult operational decisions that still need to be made that will significantly affect DOD's efforts to institutionalize managed care. Therefore, it is crucial that the lessons learned from past initiatives be incorporated into DOD's implementation plans.

It is also crucial that expectations for the success of managed care be tempered by realism about the prospects for immediate beneficial results. DOD is dealing with difficult and costly health care problems with many implications for all those affected by the military health care system. It needs time to work through how best to equitably and fairly accommodate those affected, while achieving its goal of controlling the cost growth that military health care has experienced over the last decade. It will also need the continued support and, at times, critical input from this and the other key congressional committees as it implements this ambitious concept throughout its system.

Before concluding my statement, I would like to take a moment to raise other military health care matters, outside the realm of managed care, that we believe the Subcommittee also needs to consider.

OTHER ISSUES

First, changes to the military health care system may be needed as a result of the planned downsizing of the military. Although the ramifications of total force reductions are far from clear, questions will need to be answered about the extent to which, and when, medical resources should be reconfigured or cut back given that many of the individuals who leave the services and their dependents will remain eligible for military health benefits.

Second, we believe there needs to be a comprehensive assessment of the opportunities for making more efficient and effective use of medical personnel, such as physician assistants and nurse practitioners, who might be able to perform some of the tasks that military physicians and nurses now handle. In a similar vein, we believe that DOD's prevailing practice of having military physicians serve as hospital commanders should be reevaluated in light of continuing physician retention problems and the increasing complexity of hospital administration activities.

Third, additional opportunities for sharing medical resources with the Department of Veterans Affairs should be pursued before capacities are added to the two health care systems.

Fourth, we believe there should be an assessment of physician and other nonhospital provider payment reforms under CHAMPUS similar to those occurring and being contemplated under Medicare.

Finally, Mr. Chairman, the consolidation of the administrative and command structures of the services' medical departments should also be considered to identify potential opportunities to streamline operations and improve efficiency.

Mr. Chairman, this concludes my prepared statement. We would be glad to answer any questions you or other members of the Subcommittee may have.

Senator INOUYE. Mr. Baine, I am pleased to hear your assessment of the managed care program. Like you, I hope that it will succeed, and I hope that it will somehow bring down the cost of health delivery. But will this be done at the expense of quality of care?

Mr. BAINE. I certainly do not believe it has to be done at the expense of quality of care, and I think Dr. Mendez would assure you that it absolutely will not. There are elements in a managed care program, such as utilization management and quality assurance mechanisms, that can be put in place to assure that necessary medical services are provided to those in need of those services.

So there are checks and balances that can be put into a managed care system to avoid the underutilization of needed services and the overutilization of services. And it is my understanding that the Department intends to put a utilization management component and a quality assurance component in its managed care concept, and it sees that as a very important element of its implementation effort.

PHYSICIANS AS MILITARY HOSPITAL COMMANDERS

Senator INOUYE. In your statement, Mr. Baine, you mentioned a subject that has been a matter of interest to us here, and that is the use of physicians as military hospital commanders. You say that there should be a reassessment of that practice. Can you elaborate on that?

Mr. BAINE. Yes, sir. That issue has been around for as long as I have, I think, which is more than 10 years. The issue of whether to use physicians as hospital commanders may take on an added importance as the Department goes to a managed care concept, because the authority and the responsibility for running an entire catchment area of beneficiaries will then rest on the shoulders of the hospital commander. This individual will have to be able to have the administrative capability to negotiate discounts, to set up fairly elaborate networks of civilian providers, to know exactly what beneficiaries they are going to enroll and what ones they will not enroll and to be able to understand all that.

This requires a level of administrative expertise that may argue for having top-level administrators at the major hospitals.

Senator INOUYE. Many Americans cannot quite understand the apparent difference in service to patients in the VA hospitals and patients in military hospitals. We have had documentaries and horror story reports on the way veterans have been treated in these hospitals. I know that your request did not include veterans hospitals per se, but should there be some sort of reorganization that would bring about better care for those men and women who have served us well?

For example, I am a retired military officer, so I am entitled to go to Walter Reed for care. On the other hand, if I were a retired sergeant I suppose I would be going to some veterans hospital. According to these documentaries, the service there is not quite up to par with Walter Reed.

Mr. BAINE. If I recall correctly, the military hospital system back in the mid-1970's had essentially the same kind of thing occurring in terms of adverse publicity at some of their hospitals. The real question I believe, Senator, is the extent to which what appears in the media is anecdotal.

I also have responsibility for reviewing and evaluating the VA hospital system. We have spoken to Dr. Holsinger about some of these problems. We have some work underway. We have had some work underway for a fair amount of time. I think if history is any teacher, the military hospital system, when it suffered some of the same traumas that VA system is going through now, really turned itself around. As I understand it, DOD is one of the first-rate hospital systems in the entire country—private or public.

I do know that Dr. Holsinger is committed to making that the case in the VA also.

MEDICAL RESOURCE SHARING

Senator **Inouye**. We are looking forward with great anticipation to the joint operation in Honolulu. We will have a major hospital at Tripler and close thereby physically will be a VA center, which will be primarily for housing and long-term care, with a clinic, but in case they need medical services it is just a few steps away to the regular medical hospital.

Would that type of system work throughout the United States?

Mr. **Baine**. It is my impression, Senator Inouye, that it will work in particular areas of the country. It appears to have worked very well in Albuquerque. Depending upon how the arrangement in Hawaii is finalized, in terms of the capabilities present—the relative capabilities of the military and the VA—it would seem to me that it would work there.

Having done some work in the medical resources-sharing area, I think it is fair to say that the big payoff from medical resources sharing is something like is being attempted in Hawaii or something like is being attempted in Albuquerque. It is my understanding that there are six or seven other areas around the country where the DOD and the VA are actually looking at possibilities for building a joint capability of some sort.

MILITARY VERSUS CIVILIAN HOSPITALS

Senator **Inouye**. If you had to compare military hospitals with civilian hospitals, what would your assessment be in quality of care?

Mr. **Baine**. As I mentioned before, everything that I have read or heard—and perhaps Steve can elaborate on this—in the last 4 or 5 years indicates that the quality of care in the military hospitals is first rate and certainly comparable to that in the civilian sector.

I think the military hospitals are probably not as accessible for all specialties as private hospitals might be, and that is because of the way the hospitals in individual locations are configured. The concept of managed care or, as Dr. Mendez says, coordinated care should try to fix some of that because what it will do is it will put, within a particular area, a rather full array of specialties with a primary care provider who can direct folks to these specialties and make them accessible to a broad range of beneficiaries.

Some would be done in the military facilities, some would be done outside the military facilities under contract. From the beneficiary's perspective, however, he or she would be treated the same and would have somebody, a primary care provider, to go to to be directed into whatever specialty they need.

Senator **Inouye**. So you give high grades to the health delivery services of the military.

Mr. **Baine**. Yes, sir.

Senator **Inouye**. With that I thank you very much, Mr. Baine and gentlemen. I would like to submit a few questions for your consideration and response. Naturally I am pleased to get your report that the health delivery services of our military receive high grades.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will now stand in recess until Tuesday, March 19, at 9 a.m. At that time we will receive testimony on the SSN–21 submarine program.

Thank you very much, gentlemen.

[Whereupon, at 12:03 p.m., Thursday, March 14, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, March 19.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, MARCH 19, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Stevens, D'Amato, Rudman, and Specter.

GENERAL DYNAMICS CORP.

SSN–21 SEAWOLF PROGRAM

STATEMENT OF JAMES E. TURNER, JR., EXECUTIVE VICE PRESIDENT, GENERAL DYNAMICS CORP.

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning this subcommittee meets to review the Navy's newest nuclear attack submarine program, the SSN–21 Seawolf.

The fiscal year 1992 President's budget requests $2.4 billion for the SSN–21 program, including one submarine; advanced funding for follow-on submarines; and associated research and development and military construction costs.

The estimated cost of the one submarine plant for fiscal year 1992 is $2 billion, making this submarine the most expensive one ever built.

The SSN–21 program has undergone significant changes in the past year due to budgetary cutbacks and planned force structure reductions. At this time last year, the Navy planned to purchase two SSN–21 submarines in 1991, and three per year in 1992 and 1993.

Now the budget assumes a production rate of only one per year for the foreseeable future. In time, these reductions in quantity will effect our total submarine force structure, a matter which this subcommittee will need to explore.

IMPACT OF REDUCTIONS

Today the more immediate issue is the impact that these changes will have on our industrial base, specifically, the two submarine manufacturers.

During the past decade, the demise of the commercial shipbuilding market led to the loss of many U.S. shipbuilders, including Tacoma Boat, Todd, and Penn Ship.

Today, several other shipyards are teetering on the edge of insolvency. Through this period, the Navy shipbuilding budget has been able to sustain several yards with little support from the commercial market.

In most of the shipbuilding programs, the Navy has used two shipbuilders to ensure a competitive environment. This subcommittee has been a strong proponent of maintaining competition in shipbuilding.

While there have been cost overrun problems recently, I think on balance, the Navy has done a good job in holding down prices and in sustaining a small industrial base.

INDUSTRIAL BASE THREATENED

Now that industrial base is threatened. One submarine per year will make effective competition difficult and potentially cost ineffective. The limited submarine purchases will also lead to very large work force reductions in both of our submarine builders.

And depending on the Navy's decision to use one or two sources, it could mean the loss of one entire shipyard or the loss of two producers of submarines.

In our review this morning, we hope to ascertain whether one of the two leaders of shipbuilding, Electric Boat and Newport News, could be forced from business by these cutbacks.

INTRODUCTION OF ASSOCIATES

To help us this morning the committee is pleased to welcome Mr. James E. Turner, Jr., executive vice president, Marine Land Systems and Services of General Dynamics Corp. and general manager of Electric Boat; Mr. Ed Campbell, president of Newport News Shipbuilding; and the Honorable H. Lawrence Garrett III, the Secretary of the Navy.

May I say to all of you, we thank you for joining us this morning. This is a very important matter to all of us, and the subcommittee will give this issue its most careful and unbiased attention.

We will begin the hearing with Mr. Turner, and then I will call upon Mr. Campbell and finally, Secretary Garrett. After we have had the opportunity to discuss this with each witness, we may wish to recall each to participate in a panel discussion.

Mr. Turner, welcome, sir.

Mr. **TURNER**. Mr. Chairman, members of the committee, I am Jim Turner, executive vice president, Marine, Land Systems and Services for General Dynamics, and general manager for Electric Boat.

Thank you for the opportunity to discuss the critical issues facing the submarine industrial base and the Seawolf program before your subcommittee this morning.

With your permission, I will submit my entire written testimony for the record and given an oral summary for the subcommittee.

Senator **INOUYE**. Without objection, so ordered.

ORAL SUMMARY

Mr. TURNER. The dilemma faced is twofold: How to maintain the necessary industrial base at a rate of submarine construction that can barely support one submarine shipbuilder; two, how to run a cost-effective program that assures program viability and maintenance of the necessary industrial base.

These issues have far-reaching implications from a national defense, as well as Electric Boat's survival perspective. The fiscal year 1991 Seawolf award decision must be made in light of these concerns and it must be made with full knowledge of the long-term implications.

The decision should not be made for political reasons. My belief is that the most cost-effective approach must be taken, the one that will best protect both the U.S. submarine industrial mobilization base and the Seawolf program and allows a second supplier to be introduced when production rates and budgets allow.

The U.S. Navy's nuclear force is second to none in the world. These highly capable weapon systems represent a national resource, the strength of this force must not be compromised.

The industrial mobilization base marshalled to produce the Navy's current submarine force represents one of the most highly specialized and technical industries in our country. This unique industrial base was developed over decades and must be maintained.

The tremendous complexity of our nuclear submarines relies on this industrial capability, one with little commercial application. The future of many parts of this industrial base now depend solely on the Seawolf class. It is imperative that the acquisition strategy employed for this program supports maintaining this base, both for today and for the future.

The initial Seawolf-class plan called for a force level of at least 29 submarines. Economic and international realities have reduced that profile to a single ship per year until 1996.

This low rate of production does not support the traditional approach to competitive procurement in the near term. Production rates on the 688 supported competition. Those on the Trident did not.

The Seawolf initial production rate is less than that of Trident. Industrial mobilization objectives are intended to keep alive at least two nuclear capable shipyards. Bringing on a second source in a year, when only one ship is authorized, will neither preserve the industrial mobilization base nor provide the most cost-effective acquisition of the program.

Unnecessary break in production costs of more than $230 million will be incurred as well as paying a premium to introduce a second source. I repeat, without the most cost-effective approach, the entire program could be jeopardized.

A contract award intended to preserve a future competition base with a second source will also not preserve the industrial mobilization base. It would be ironic if indeed the industrial mobilization base were to drive Electric Boat, the Seawolf lead construction yard, out of business.

It is better to have a second nuclear qualified shipyard ready to be brought in to help build in the future, than it is to risk forcing the lead Seawolf construction yard, Electric Boat, a shipyard totally dedicated to submarine construction, out of business altogether.

DECLINE IN NUMBER OF SHIPYARDS

In the early 1960's there were six nuclear qualified shipyards in the United States, producing up to 14 submarines a year. Today, two U.S. shipyards design and produce all U.S. Navy submarines. At a construction level of less than one submarine a year, Electric Boat will in all probability be unable to remain in business.

Therefore, one-half of the submarine industrial mobilization base may cease to exist if the present level of one submarine per year is split between two yards. As the only U.S shipyard devoted exclusively to the Navy's nuclear submarines, Electric Boat is without question a national strategic asset.

ELECTRIC BOAT ASSETS LISTED

Electric Boat encompasses the finest submarine engineering and design and construction capability in the free world. We employ 22,000 people, all dedicated to submarines. Without new construction work, this highly skilled work force will be lost as ships are delivered.

Of these employees, 4,500 are directly involved in research, engineering, design, and life cycle support of all U.S. Navy submarine programs. They are a primary engineering resource for all critical areas of submarine technology, and we remain dedicated to strengthening the Navy's submarine technological superiority.

Electric Boat's engineering and construction facilities have a replacement value far in excess of $1 billion. Our land-level submarine construction facility in Groton, CT, forerunner of domestic and British land-level submarine facilities, has operated smoothly since 1974.

At Quonset Point, RI, our facility for controlled hull and sectional modular outfitting is unique. The heart of this facility is our automated frame and cylinder shop which is an industrial process breakthrough in hull construction, and is the only facility of its kind in the world. It produces hull sections with unparalleled capacity, quality, and efficiency.

We have had more than 10 years' experience with this facility and we have achieved cost reductions of up to 70 percent over conventional construction methods. Over the past decade, and particularly over the past 6 years, we have achieved an unparalleled record of submarine building performance in both 688 and Trident programs. We have shortened construction schedules and reduced costs while maintaining top quality.

TRIDENT PROGRAM

Trident, a stable program that has been ours since its inception, is widely recognized as one of the most successful and cost-effective weapon systems procurements in U.S. history.

Our Trident performance record speaks for itself. The last 10 Trident ships have been delivered an average of 7 weeks ahead of schedule.

Electric Boat's performance on the Trident program has demonstrated that significant cost savings are achievable, through the use of modular construction and the maintenance of a steady production rate, and even so in a sole-source procurement environment.

LESSONS LEARNED FROM TRIDENT EXPERIENCE

The Trident procurement rate was similar to the present plans for Seawolf. Three significant lessons for the Seawolf program are available from the Trident experience. First, significant cost reduction is best achieved through steady-state production, permitting predictable workloads, thus benefiting planning, scheduling by the shipbuilder and the supplier base. It allows for real cost improvements for the program.

Second, competitive price can be maintained through negotiation and by maintaining the ability to bring a second qualified shipyard into the program.

Third, a submarine procurement plan utilizing negotiated construction contracts will provide the same benefits usually associated with competition, while eliminating the more extreme risk of damaging the industrial mobilization base by competing at levels too low to support that procurement strategy.

Maintenance of the Nation's submarine industrial base is now dependent solely on lead and follow-ships of the Seawolf program. Construction of the Seawolf lead ship at Electric Boat is progressing steadily toward delivery.

To date, we have encountered no construction problems that would impact schedule delivery of the lead ship in 1995. Today, we await the Secretary's decision on the award of the second Seawolf-class ship, a decision that may ultimately impact the number of Seawolf-class ships to be built, and a decision that may well determine whether there will be one or two nuclear capable shipyards in business by the end of this decade.

An award to a second yard at this stage could seriously threaten the program from a cost perspective by incurring not only startup costs, but unnecessary break in production costs and could leave the Navy with only one nuclear-capable submarine shipyard.

Actions which arbitrarily maintain a competitive base, where there is insufficient business to sustain competition are also likely to destroy the high-technology segment of the submarine industrial base.

VALUE OF SECOND YARD

Introduction of a second yard in a two-ship-buy-year is a more attractive alternative to the taxpayers and to the Navy. An award to Electric Boat will insure that we will continue to be a part of the submarine industrial mobilization base and provides the SSN–22 and the Seawolf program for the lowest possible cost.

Mr. Chairman and members of the committee, if the objective of the Secretary of the Navy is to maintain two qualified shipyards, then directing the second ship, Seawolf, to a second shipyard could well have exactly the opposite affect. Electric Boat could likely cease to exist with competitive or industrial base awards of less than one ship per year.

Mr. Chairman, we believe the Secretary faces a decision that has far-reaching impacts on the industrial base and the Seawolf program. We believe language adopted in the fiscal year 1991 appropriations bill is critical to the continued procurement of the Seawolf-class submarines and equally is important to the maintenance of this country's invaluable submarine industrial and technological base.

On the question of the relationship between the competition and low cost, the obvious answer for a large submarine program may be the wrong answer for a limited program.

COMPETITIVE PROCUREMENT STRATEGY

Mr. Chairman, if the Secretary has decided that a competitive procurement strategy is the appropriate course for the Seawolf class, then let us have competition. Let us have competition for the second Seawolf, fair, head to head, to give the Navy and the taxpayers the best ship at the best price.

We competed for and won the SSN–21 lead ship construction contract. We have competed for, and I am confident we have won, the SSN–22 competition on the criterion of low price.

Also, since it is necessary to protect the industrial base, we strongly believe that the industrial base issue resides with Electric Boat. If it is necessary to restructure a competition base for future procurements, the Navy should consider bringing in a second source on board in a two-ship-per-year buy.

This award of the SSN–22 to Electric Boat on a competitive basis will insure that the taxpayers and the Navy will get their ship at the lowest possible cost. This cost-effective approach supports continuation of the Seawolf program. And Electric Boat is permitted to maintain our contribution to submarine technology, to construction innovation, and to the maintenance of the industrial mobilization base.

Thank you very much.

[The statement follows:]

STATEMENT OF JAMES E. TURNER, JR.

1.0 INTRODUCTION

I'm Jim Turner, Executive Vice President -- Marine, Land Systems and Services for General Dynamics Corporation, and General Manager of Electric Boat Division.

I would like to thank you for the opportunity to give our view on the future of the U.S. submarine industrial base and the critical role of Electric Boat.

The U. S. submarine force represents a national resource that must not be compromised.

The U.S. submarine industrial base produces nuclear submarines that are second to none. This unique industrial base must be maintained to ensure maximum flexibility in responding to future defense needs.

The industrial base marshalled to produce the 688 Class and highly successful TRIDENT Class ballistic missile submarines represents one of the most highly specialized and technical industries in the nation. The vast complexity of our nuclear submarines relies on this base, one with little commercial application and with insurmountable obstacles against restart. Nuclear licensing is one example of such an obstacle. This industrial base now solely depends on the SEAWOLF Class.

The initial SEAWOLF Class plan called for a nominal force level of 29 ships procured annually at a rate of 3-4 ships over the next several years. Economic and present day world realities have reduced that profile to one per year until FY96.

This low rate of production does not lend itself to the traditional approach for competitive procurement. As the sole submarine construction program in current Navy plans, SEAWOLF must ensure protection of the critical elements of the Nation's submarine industrial base today, and the technology base for the future. The dominant element in an industrial base consideration should be continued viability of this base.

Given today's budgetary constraints, the SEAWOLF program acquisition plan must also be cost-effective. Award of the FY91 SEAWOLF to Electric Boat provides the Navy the most cost-effective procurement option by avoiding start-up costs and by realizing the cost reductions inherent in a steady production rate. This approach still allows the introduction of a second shipyard when procurement levels support.

Award of the FY91 SEAWOLF to a second shipyard will threaten an already fragile submarine industrial base and increase program costs; lead ship efficiencies and learning will be lost; a significant workforce reduction will occur at Electric Boat in 1992 and manufacturing facilities will be idled. Future workforce buildup to man the next ship would necessitate a costly program of hiring and training, all of which would increase program cost.

1.1 THE ISSUE IS SURVIVAL OF THE NAVY'S INDUSTRIAL OPTIONS

Today, we await the Navy's decision concerning the award of the second ship of the SEAWOLF Class fast attack submarine. The consequences of this decision are tremendous in terms of impact on this Nation's submarine industrial base, the preservation of the technology base, and on the taxpayers of this country.

Here is the heart of the matter. For Electric Boat, SSN22 and subsequent annual awards of at least one SEAWOLF ship mean survival.

For the taxpayers, near-term costs totalling hundreds of millions of dollars of premium will have to be paid to bring on a second construction yard at this time, as well as incurring unnecessary costs due to a break-in production.

Award of the contract to Electric Boat means lower costs for the Navy, and increased industrial base flexibility. Higher longer-term costs to the Navy will be evidenced by a reduced industrial base if Electric Boat is forced out of business and these increased costs could be detrimental to continuation of the SEAWOLF construction program.

I must tell you in all candor that this scenario of Electric Boat's closure has now become a serious possibility.

We will do everything in our power to prevent Electric Boat from being forced out of this business. We want to continue to do what Electric Boat does best: build the best submarines for the U.S. Navy at the best value to the taxpayers of this country.

1.1.1 THE SURVIVAL OF ELECTRIC BOAT IS SOLELY DEPENDENT ON THE SEAWOLF PROGRAM.

At a construction level of less than one submarine a year, one-half of the U.S. submarine industrial base will cease to exist; Electric Boat will, in all probability, be unable to remain in business.

Under present contract terms and conditions, and in the absence of any other new submarine construction work, bringing on a second source now will probably make it impossible for Electric Boat to effectively compete for future ships. As a result, without industrial base awards to Electric Boat, it would become economically infeasible for Electric Boat to remain in business beyond completion of our current backlog.

Electric Boat has been very successful in our efforts to take cost out of the business and we have cut overhead spending by more than 10% per year in 1989 and 1990. Efforts to further reduce costs are continuing. However, given a reasonable and respectable volume of indirect costs, such as workers' compensation and retirement benefits, and reasonably fixed facility costs, Electric Boat will rapidly sink below an economically viable workload base without the award of the FY91 SEAWOLF submarine.

The run-out of the present TRIDENT and SSN688 construction programs in this environment would rapidly render these programs unprofitable. The investment required to maintain the Electric Boat operation in this climate would become an unacceptable burden to our parent corporation, General Dynamics and its shareholders.

In our view, the prospect of losing an entire shipyard presents the ultimate and determinative defense mobilization base argument. The failure to award the FY91 SEAWOLF to Electric Boat may mean that Electric Boat will cease operation, and the United States would be reduced to a single source for the design and construction of nuclear ships.

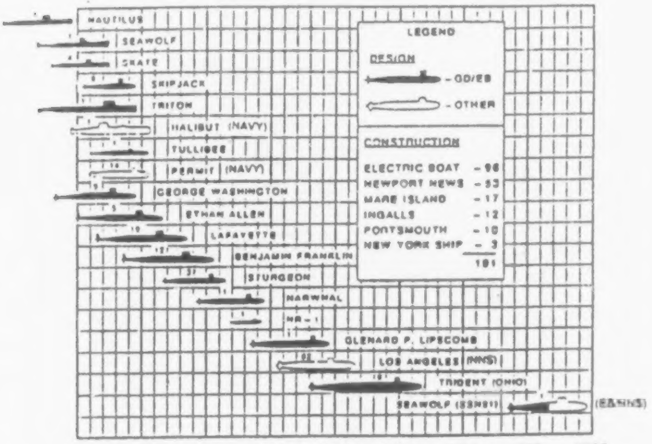
This strongly contrasts with the situation at Newport News, where submarines represent approximately one-third of their business. Newport News management has said publicly that even without SEAWOLF submarines, they don't foresee layoffs at the shipyard for the next three years. For Newport News, submarines represent the difference between degrees of prosperity. Loss of submarine contracts will not close their gates; and, their CVN construction and overhaul business will ensure their continued viability as a nuclear capable shipyard.

1.2 BACKGROUND: ELECTRIC BOAT'S SPECIALIZATION IN SUBMARINES IS A NATIONAL ASSET.

As the only United States shipyard devoted exclusively to the Navy's nuclear submarines, Electric Boat is without question a national strategic asset.

Electric Boat designed and built 15 of the Navy's nuclear submarine lead ships. From the first nuclear-powered submarine to the SEAWOLF lead ship, Electric Boat will have delivered 96 of the 191 nuclear powered submarines for the United States Navy. Five shipyards will have built the remainder.

NUCLEAR POWERED SUBMARINES



A History of the Design and Construction of the U.S. Navy's Nuclear Submarine Force Clearly Demonstrates the Critical Role Electric Boat Has Played – and Must Continue to Play – In Maintaining This Nation's Submarine Industrial Base

Electric Boat is the premier U.S. submarine nuclear propulsion plant design agent. We have designed 18 of the 19 submarine propulsion plants, including the one that will power SEAWOLF, and all 7 of the land-based nuclear submarine prototype propulsion plants.

Electric Boat is designing the propulsion plant for SEAWOLF, which consists of the reactor, steam and electric plants, as well as many of the non-nuclear ship systems.

Our research, engineering, and design staff is this Nation's primary engineering resource for all critical areas of submarine technology. Electric Boat remains dedicated to strengthening the U.S. Navy's submarine technological superiority.

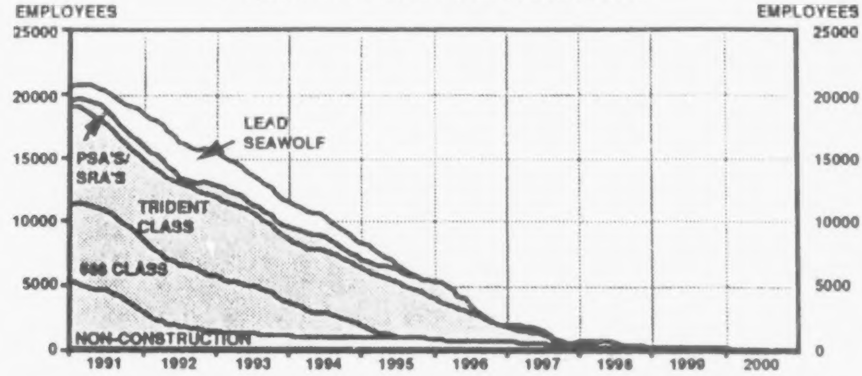
1.3 INSUFFICIENT NEW BUSINESS THREATENS ELECTRIC BOAT SURVIVAL BEYOND 1994.

Electric Boat's submarine construction backlog currently includes seven TRIDENTs, seven 688s, and the lead ship of the SEAWOLF Class. The last ship delivery in this backlog, SSBN743, is currently scheduled for August 1997. Electric Boat currently employs approximately 22,000 people, all dedicated to the design, construction and support of the U.S. Navy's nuclear submarine force.

More than 4,500 technical people are employed directly in the research, design, engineering, and life cycle support of submarines for the U.S. Navy. This business is inextricably linked to our construction business. The erosion of our construction business would seriously threaten our ability to maintain this dedicated submarine engineering technology base.

Our present construction backlog is significantly less than our competitor's. The following manpower curve depicts the near-term and dramatic rate of decline of this backlog at the rate of over 4,000 employees per year.

ELECTRIC BOAT FIRM WORKLOAD



1.3.1 ELECTRIC BOAT CONSTRUCTION PERFORMANCE

Over the past decade, and particularly over the past 6 years, we have achieved an unparalleled record of submarine building performance. This improvement in construction performance has been accompanied by a significant improvement in cost savings.

We continue to show significant improvement in in-process quality by intensified trade involvement and trade inspection programs. In July, 1990, Electric Boat was selected as the Navy recipient of the Department of Defense Value Engineering Achievement Award as outstanding Contractor for FY89. Accuracy control and Statistical Process Control initiatives for submarine-unique manufacturing and fabrication processes have been developed and have contributed to overall quality improvements on such critical operations as pressure hull construction.

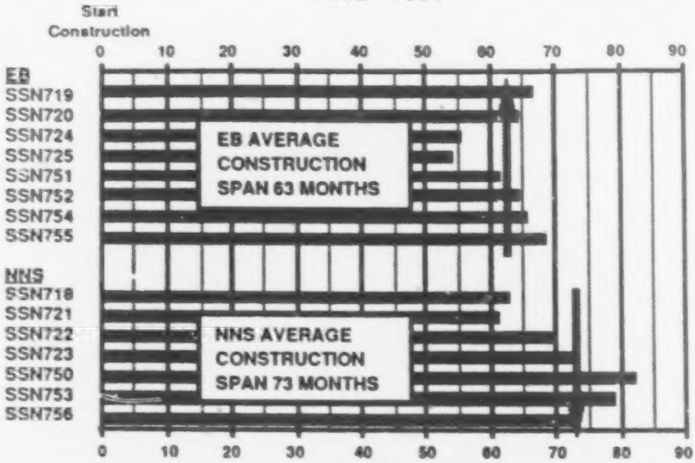
Our commitment to cost management has resulted in successive annual reductions to overhead spending of more than 10% compared to budgeted levels in both 1989 and 1990. SSN688 and TRIDENT new construction support costs also have been reduced significantly over the same two-year period.

For the lead SEAWOLF submarine construction contract, awarded to Electric Boat in January 1989, we are utilizing state-of-the-art design, material, labor, and cost, schedule and control management systems.

Should the Navy's submarine procurement plan return to a level that will support a competitive acquisition strategy, this aggressive approach to cost management, along with Electric Boat's superior shipyard performance, and innovation in shipbuilding technology, has positioned Electric Boat to be a formidable competitor for new submarine design and construction contracts.

1.3.2 LOS ANGELES (SSN688) PROGRAM STATUS

A close look at the LOS ANGELES Class SSN688 program over the past 6 years shows superior Electric Boat performance.



SSN688 CLASS CONSTRUCTION COMPARISON
1985 - 1991

- CONSTRUCTION TO DELIVERY AVERAGED 10 MONTHS LESS THAN NNS
- AWARD TO DELIVERY AVERAGED 8 MONTHS LESS THAN NNS

For 688 Class ships since 1985, Electric Boat has taken the better part of a year less than Newport News to build a ship, whether you consider contract-to-delivery span or construction span. In submarine construction, time savings translate into cost savings.

We have reduced by 19 weeks the very costly construction period between hull completion to delivery from SSN706 to SSN755.

We have nearly cut in half the expensive wet dock construction period – 88 weeks for SSN754 to 47 weeks for SSN757.

Our 688 construction budgets have been reduced annually since 1988.

Our performance on the Improved 688s particularly (beginning with SSN751), shows best value to the taxpayers and to the Navy. We have delivered four of the six improved 688s now in the fleet.

Electric Boat was selected by the Navy to be the lead shipyard to engineer, integrate, and install many of the major state-of-the-art 688-Class upgrades and improvements, including:

- **Retractable towed array (SSN700)**
- **Wide Aperture Array (SSN710)**
- **Vertical Launch System (SSN719)**
- **Special Hull Treatment (SSN710)**
- **AN/BSY-1 Combat System (SSNs751, 752, 754)**
- **First AN/BSY-1 operational system at delivery (SSN755)**
- **Arctic mods and retractable bowplanes (SSN751)**

The 688 program will be complete at Electric Boat in 1995 with delivery of SSN771.

1.3.3 OHIO-CLASS (TRIDENT) PROGRAM STATUS

The TRIDENT program is a stable program that has been ours since its inception, a program widely praised as one of the most successful and cost-effective weapons system procurements in U.S. history.

In a report on the Navy's Fleet Ballistic Missile (FBM) program to the House Armed Services Committee in September 1990, the General Accounting Office stated that:

"As a rule, weapon system acquisition studies for the last 20 years have stressed that a major weapon system encounters problems of cost growth, schedule slippage, and performance shortfalls when the program becomes unstable.

"Conversely, we have reported that stable programs generally proceed through the acquisition process on schedule and within cost targets and meet performance requirements."

The GAO report specifically cited the Navy's FBM program as "one of the few major weapon system acquisitions that, over the years, has consistently met or bettered its cost, schedule, and performance goals."

The GAO report added that the FBM program is:

"...generally recognized as one that has avoided many of the problems associated with defense weapons system acquisition, such as cost growth, schedule slippage, and performance shortfalls."

The unparalleled performance achieved in this program is illustrated below. This sole-source program shows the value of steady-state production and stability in a major weapons acquisition program.

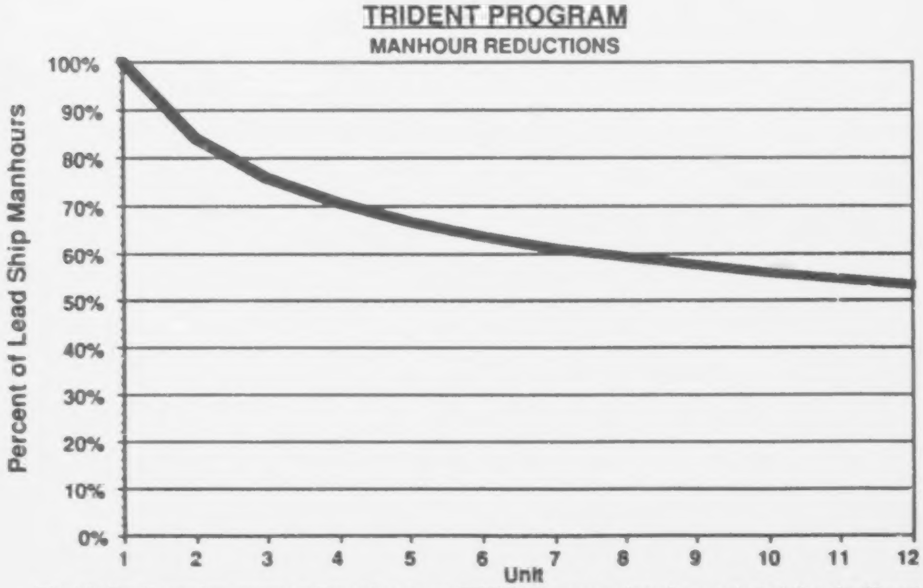
Program stability – coupled with experience in submarine modular construction techniques developed through steady-state production and continual improvement in our manufacturing methods – has been key to program success.

The last 10 have been delivered an average of 7 weeks ahead of schedule.

We have shortened the expensive hull-completion-to-delivery construction schedule by 27 weeks, more than half a year, from SSBN728 to SSBN736.

Throughout this program, we have achieved an 87-percent learning curve on delivered ships. This rate of manhour reductions is unequalled in the shipbuilding industry.

This highly successful program will be complete at Electric Boat in 1997 with delivery of SSBN743.



Electric Boat's performance on the sole-source TRIDENT program has demonstrated the significant cost savings achievable through the use of modular construction and a steady production rate.

2.0 SEAWOLF -- INDUSTRIAL BASE AND COMPETITION

2.1 THE HIGHLY SPECIALIZED U.S. SUBMARINE INDUSTRIAL BASE IS INCREASINGLY FRAGILE.

In the early 1960s there were six nuclear qualified construction yards in the United States producing 14 submarines a year. Today two U.S. shipyards design and produce all U.S. Navy submarines. Tens of thousands of skilled employees at a dwindling number of subcontract supplier firms provide unique submarine components. These combined efforts produce the best submarines in the world.

Maintaining the industrial mobilization base is the stated objective of the Navy. The only way to keep all the industrial mobilization base options open is to award SSN22 to Electric Boat. This leaves the second nuclear qualified shipyard still in business primarily building nuclear aircraft carriers. This will ensure the continuation of two nuclear qualified yards, which will provide flexibility and insure capacity to Navy acquisition programs in the future. Awarding SSN22 to a second shipyard leaves Electric Boat, who is totally dependent on submarine construction, highly vulnerably to being forced to close down operations altogether. This denies flexibility to Navy acquisition programs in the future. If Newport News is awarded SSN22 and Electric Boat closes its doors, there is no more competition. The Navy would then be forced to sole-source not only aircraft carriers, but also submarines, all in a single shipyard.

2.2 ELECTRIC BOAT AND THE INDUSTRIAL BASE

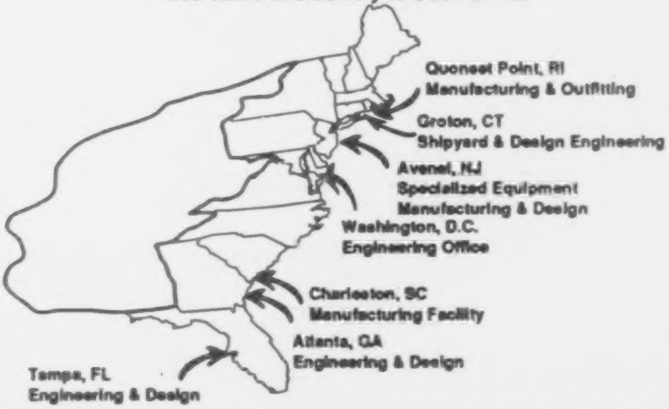
2.2.1 ELECTRIC BOAT FACILITIES

Electric Boat Division encompasses the finest submarine research, engineering, design, and construction capability in the free world. Our submarine dedicated engineering and construction facilities have a replacement value of more than $1 billion. Since the start of the TRIDENT program, Electric Boat has modernized and upgraded our facilities in: Groton, Connecticut; Quonset Point, Rhode Island; Avenel, New Jersey; and, most recently, Charleston, South Carolina. This investment provides the Navy with in-place, modern, and proven facilities. and trained people

Our Land Level Submarine Construction Facility at Groton, which was the forerunner of domestic and United Kingdom land level submarine construction facilities, has operated smoothly since 1974. Designed for handling, movement, and assembly of heavily outfitted submarine hull sections into complete submarines, it has enabled Electric Boat to pioneer on the TRIDENT program, and continuously improve labor-saving, time-saving, modular submarine

ELECTRIC BOAT

Dedicated Exclusively to Submarines



Electric Boat employs 22,000 people at world class research, engineering, design and construction facilities spanning the East Coast of the United States.

construction techniques. Such improvements are now in evidence in our SSN683 and TRIDENT program performance.

At Quonset Point we have a controlled assembly shop facility for hull section modular construction. Our Automated Frame and Cylinder Facility at Quonset Point produces hull sections with unparalleled quality and efficiency. It represents an industrial process breakthrough in submarine hull construction and is the only facility of its kind in the world. This unmatched facility, combined with more than 10 years of employee experience, has achieved cost reductions of up to 70% over conventional construction methods.

Our new transport capability for 1,400-ton hull sections will allow us to ship cylinders from our Quonset Point facility to Groton 90-percent - outfitted and ready for final assembly on the Groton Land Level Facility. The capability to accomplish extensive outfitting in a controlled, assembly shop facility significantly increases the efficiency, speed, and cost savings of modular construction and outfitting.

Our plant at Avenel, New Jersey, specializes in state-of-the-art, super-quiet motors and vaneaxial fans for all new construction submarines, and won the contract for SEAWOLF fans through a rigorous three-year competition. Avenel is the only producer certified to build quiet motors, fans, and motor generator sets for SEAWOLF.

Our Charleston, South Carolina, facility specializes in internal tank and structural components.

Our engineering and design workforce in Groton receives design support from more than 600 submarine systems engineering and design personnel at Atlanta, Georgia, Tampa, Florida, and Newport, Rhode Island, Engineering Offices. These satellite offices provide a stable and highly qualified workforce. Our Washington, D.C. office also provides on-site liaison with the Navy.

2.2.2 OUR WORKFORCE IS SEAWOLF-DEPENDENT.

Electric Boat's skilled trades people are totally dedicated to submarine construction. With no new business, half of this trained, experienced workforce will be lost by 1994. At one SEAWOLF per year to Electric Boat, this workforce will be cut in half by 1997. Once lost, this valuable workforce cannot be easily reestablished.

Experience indicates that a high percentage of skilled trade mechanics do not respond to a recall. Many workers find alternate employment, and residual uncertainty about long-range employment prospects discourages manpower training, acquisition and retention.

There are significant costs associated with a rapid trade build-down, not only the direct severance, unemployment insurance, and workers compensation expenses. Top performers are more easily employed on the outside, and the disruption of work crews with attendant loss of experience and learning can have a severe impact on performance to budget and schedule.

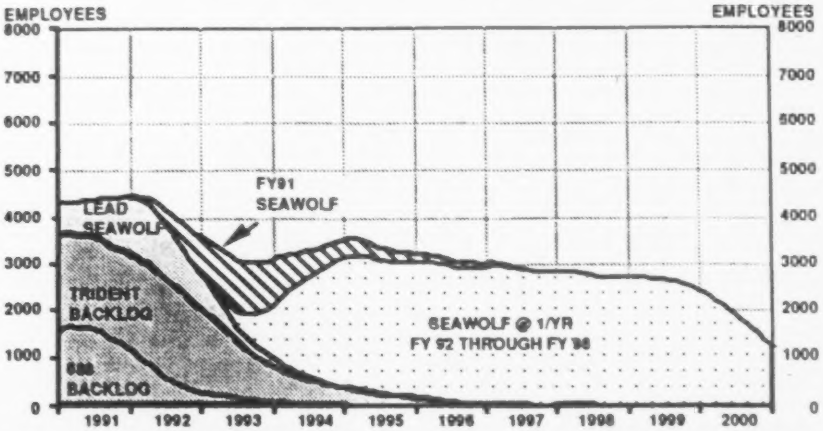
The workforce at Electric Boat represents a critical part of the defense industrial base, an element which is in place and can not readily be replaced or reactivated. A working team can not be placed in storage or mothballed – it has to be kept working if it is to be kept viable.

With one SEAWOLF ship per year beginning with the FY91 ship, our workforce would be reasonably stable through 1993. Severe reductions would be delayed to 1994.

Without the FY 91 ship but with one ship per year beginning with the FY92 ship, severe workforce reduction will begin as early as 1992. This impact is immediately felt at our Quonset Point facility and will adversely impact such critical trades as our HY-100 and HY-130 welders. Without the FY91 ship our ability to retain our current workforce is jeopardized.

A stable, predictable production rate preserves critical skills through improved retention and hiring, by maximizing learning and qualification opportunities, and by attracting top performers to the industry.

QUONSET/CHARLESTON WORKLOAD



An SSN22 (FY91 ship) award to Newport News will impact Electric Boat's manufacturing workforce almost immediately. Lead ship learning, key to Electric Boat's ability to compete, will be lost.

Less than one SEAWOLF ship per year threatens the survival of Electric Boat. Not only is elimination of Electric Boat manufacturing sites probable, but this scenario would seriously impact cost and delivery of all ships now under construction at Electric Boat.

2.2.3 ELECTRIC BOAT DIVERSIFICATION SEARCH CONTINUES.

Electric Boat is continually looking for alternative sources of business. This search regularly includes in-depth analysis of the submarine overhaul market. Our most recent analysis indicates that there are no viable opportunities for Electric Boat in the submarine overhaul business.

Moreover, due to reduced refueling requirements, extended operating cycles, and submarine force reductions, the projected overhaul workload over the next several years is expected to fall to as little as one-half that of the last five years. Even in a more optimistic market or industrial base scenario, the level of business projected would be weighed against the investment required to rebuild Electric Boat's refueling capabilities prior to reentry into this business.

Electric Boat currently participates in the overhaul and refueling of land-based submarine propulsion plant prototypes. We will continue to pursue opportunities in this market area; however, past success in this area is largely attributable to our participation in submarine design and construction. Any deterioration of our base business will undoubtedly impact our continued success in the prototype market. More importantly, continued participation in this business has little impact on our ability to maintain existing production capabilities.

Outside the U.S. Navy submarine programs, the most viable new business opportunity lies in the international submarine market. Participation in this market must first overcome the issue of technology transfer, and, if the commercial shipbuilding industry is a reasonable comparison, it is likely that Government support may be required to compete in this market.

Electric Boat is constantly aware of new business opportunities beyond our traditional markets. Most likely opportunities for diversification beyond our traditional markets include the commercial nuclear power industry, and commercial and naval surface ship construction. These markets, however, are all dominated by firmly entrenched competition and appear to hold little certainty as to future success.

None of these opportunities could be expected to sustain the submarine design and construction capabilities currently in place at Electric Boat; and, any attempt at entering these, or any other new market, must first demonstrate a reasonable financial return commensurate with the risk and investment associated with participating in the business.

2.2.4 NUCLEAR SUBMARINE INDUSTRIAL BASE AND FUTURE NATIONAL SECURITY

At risk is the high technology sector of an already fragile nuclear-powered submarine industrial base. It supports the specialized technology necessary to design, build, repair, and provide life-cycle support to the U.S. Navy's submarine fleet around the world.

Tens of thousands of skilled employees at a decreasing number of subcontract supplier firms throughout the U.S. provide unique, crucial submarine components. At least 28 types of submarine components are now supplied by only one or two U.S. firms. Future acquisition strategy must protect the most-difficult-to-replace submarine sector of our diminishing military industrial base.

Submarines are different. They're not like other weapon systems. Silent, elusive, self-contained, flexible, submarines are high-leverage, high-endurance, high-firepower, highly cost-effective, and extremely versatile. Because of these unique capabilities, submarines take much longer than other weapons systems to design, tool up for, and build.

Advanced submarines like SEAWOLF are covert platforms, capable of providing the widest spectrum of military options to quietly counter any potential adversary, without a visible destabilizing presence:

– unsupported forward operations in hostile waters worldwide

– covert, realtime visual and electronic surveillance

– support for special operations and special forces

– covert mining

– conventional/nuclear land attack from a covert platform

– antisubmarine warfare.

Submarine components are different. Unlike other weapon systems, submarine components must be subjected to crushing deep-sea pressures. They must be absolutely reliable and silent. They must not fail during long undersea patrols in which more than 100 men work in one vehicle under the ocean for months at a time. Quality requirements for nuclear submarine work are far more stringent than for almost any other product.

To meet these demands unique industrial resource technologies have been developed, over decades, to produce submarine components.

The complex, demanding, multi-phased skills required to build effective, high-technology submarines can not be turned off and then restarted a few years later except at exorbitant cost. The former shared industrial base is disappearing. This increasingly specialized submarine industrial base now has little commercial application.

Shipyard nuclear submarine capability is extremely difficult to establish and maintain. This capability requires a large, cyclically loaded work force that applies diverse skills and technologies, perfected through years of experience, to build a complete submarine over a span of more than 5 years within the confines of nuclear submarine safety.

Efficient production requires careful phasing of skills and vendors. During construction of a submarine, demand for technicians of a particular skill or of vendors supplying a particular type of equipment typically rises to a peak, levels off, and declines. As the period between submarine orders lengthens, so does downtime for that particular skill both in the shipyards and at subcontracting firms.

Longer periods of downtime necessarily lead to layoffs and dispersal of these increasingly unique technical skills. Talented workers migrate to other opportunities and never return. The decline of industries that used to share elements of a common base, such as surface warship and commercial shipbuilding, commercial nuclear power, and offshore oil, has already reduced the available manpower and technology pool.

Preserving the high-tech end of the submarine industrial base will protect critical technologies for future U.S. Navy submarines. Submarine technologies we believe critical to the future, and on which we are focusing our research, include propulsion systems technology, advanced quieting technology, ship systems concept formulation, and command and control systems concept development and integration. Other studies may also be important to future U.S. Navy capabilities.

2.3 NEWPORT NEWS AND THE INDUSTRIAL BASE

2.3.1 NEWPORT NEWS WORKLOAD

Newport News has a nine-year backlog of $8.6 billion, nearly 50% greater than Electric Boat's. This backlog includes construction contracts for 3 CVNs and 10 688s. "In terms of sales, one carrier is considered the equivalent of 5 to 6 submarines," according to Newport News President Edward Campbell. About 80 percent of this backlog was awarded in sole-source negotiations. According to published information, these negotiated contracts include significantly higher target profit and more favorable billing clauses compared to other ship construction contracts.

In terms of production manhours, Newport News CVN construction backlog is equal to approximately 9 TRIDENTS. In addition to their substantial construction workload, Newport News is currently performing the overhaul and refuel of the aircraft carrier ENTERPRISE, reported to be worth more than $2 billion and expected to take three years to complete. This construction and overhaul backlog provides Newport News work through 1998, with no reductions until the mid 1990s.

Electric Boat has a backlog of $5.8 billion through 1997, about 90 percent of which was awarded in competitive procurements. Electric Boat is building 7 688s, 7 TRIDENTs, and 1 SEAWOLF

2.3.2 NEWPORT NEWS ALTERNATIVES

Our competitor has a much lower dependence on submarines as well as a much greater number of alternatives to submarine construction.

Newport News new business opportunities include a FY95 CVN in the current Navy plan. The yard is facilitized and is planning to re-enter the submarine overhaul business. Other workload alternatives include overhaul and refueling of the nuclear carrier fleet beginning in the mid-1990s, and Navy surface ship overhaul and repair. Management has also indicated recently the shipyard expects to win contracts to build commercial ships in late 1992.

Newport News can be maintained as a viable second source for submarines through nuclear carrier construction, repair and overhaul work. This insures maintenance of two nuclear qualified shipyards.

3.0 SEAWOLF PROCUREMENT

In January 1989, Electric Boat was awarded the construction contract for the SEAWOLF lead ship in direct cost and technical competition with Newport News. The Navy's procurement plan at that time called for between three and four SEAWOLF Class submarines annually and a nominal force level of 30 SEAWOLF Class ships. This plan has changed dramatically:

- **July 1990:** The Navy suspended negotiations with Newport News for a sole-source award for one FY91 ship as it became clear that there would not be two SEAWOLFs in the FY91 budget.
- **August 1990:** The President's FY91 budget request for two SEAWOLF Class ships was reduced by the House Armed Services Committee to one ship. Soon afterward the Secretary of Defense announced the results of the Major Warship Review, which also reduced the number of FY91 SEAWOLF ships from two to one and cut in half the total number of ships in the program.
- **August 1990:** The House Armed Services Committee included language in the proposed FY91 Defense Authorization Act to force the Navy to negotiate a contract award for the FY91 SEAWOLF with Newport News.
- **October 1990:** Language by the Appropriations Conference Committee essentially nullified the HASC language and directed the Secretary of the Navy to compete the FY91 SEAWOLF.
- **November 1990:** Congress passed the FY91 Appropriations Act, with the stipulation that the Navy compete SSN22, and consider all applicable factors in making the award, including the desirability of a competitive acquisition strategy for the entire SSN program.
- **November 1990:** The Navy then requested competitive bids from the two yards but reserved the right to make a judgment on other than technical or cost grounds, namely, on grounds of the Industrial Mobilization exception.
- **January 1991:** Both shipyards submitted proposals for the construction of SSN22.

Simply put, Electric Boat is the low cost producer of U.S. Navy nuclear submarines; and, if the award of SSN22 is to be made on cost grounds, Electric Boat should be awarded the contract. We are confident that this decision would secure the lowest ship cost to the U.S. Navy and the nation's taxpayers. It also represents the most cost effective approach to the SEAWOLF program.

Most importantly, if the award is to be made on national defense and industrial mobilization exception grounds, Electric Boat is the only choice to build this ship. The industrial base maintenance issue is at Electric Boat.

3.1 SEAWOLF LEAD SHIP STATUS

Construction of the SEAWOLF lead ship at Electric Boat is progressing steadily toward delivery. Many assembly fixtures used to build the lead ship and accounting for substantial non-recurring costs, are now available for follow ship construction.

The cutting and fabricating of pressure hull plating and frame structure is more than 50 percent complete. Fabrication of the first major unit, the reactor compartment forward bulkhead, is progressing ahead of schedule at our Quonset Point facility, and is being readied for shipment to the Groton shipyard. Key structural components, including major propulsion plant foundations and internal tanks, have been completed.

Normal lead ship problems are being resolved smoothly with the help of constantly improving process improvements and work-around plans where necessary. To date, we have encountered no construction problems that would seriously threaten the current scheduled delivery of the lead ship in May 1995.

Our proven Integrated Manufacturing System (IMS) and Manufacturing Resource Planning (MRP) Systems represent state-of-the-art manufacturing process control and ensure a smooth building evolution for the SEAWOLF lead ship. Our MRP success has led the Navy to use our system as a model for other contractors.

In order to support the creation and real-time distribution of work packages required for SEAWOLF, in April 1990 Electric Boat installed a state-of-the-art imaging system. This optical-disc-based system electronically captures SEAWOLF drawings and is integrated with our MRP II system to produce work packages for our shipyard. To date, all scheduled SEAWOLF drawings have been captured to support the lead ship construction, and are available for follow-on construction contracts.

Modular construction and end-loading techniques being applied to the SEAWOLF program have been proven and implemented throughout the TRIDENT and 688 programs at both Quonset Point and Groton.

3.2 PROGRAM LESSONS LEARNED FOR SEAWOLF

The Navy's acquisition plan for SSN688 Class submarines focused on competition between Electric Boat and Newport News. The high procurement rate supported this approach.

In the lower-volume TRIDENT program, the Navy pursued a strategy different from the 688 program Electric Boat was the design agent and lead ship constructor. A stable rate of production was established and contracts were awarded through detailed negotiations with Electric Boat. Newport News was allowed to bid on the FY88 three ship buy.

TRIDENT design changes have been accomplished through preplanned, block improvements, that were proven first in a full-scale mockup and land-based test site prior to shipboard installation. Procedures to incorporate design changes were well planned to minimize work disruption and included adequate schedule adjustments where necessary.

This acquisition strategy, coupled with the stability of the program, has allowed the Navy and Electric Boat to realize significant cost savings based on the ability to level-load the workforce, to generate and maintain a large and competitive supplier base, and to achieve the best learning curve manhour savings in a major shipbuilding program.

The TRIDENT procurement rate was similar to the currently projected rate of SEAWOLF production. Three significant lessons for the SEAWOLF program are available from the TRIDENT program experience:

- First, significant cost reduction is best achieved by establishing a steady rate of production. This benefits planning and scheduling by the shipbuilder and the supplier base. It allows significant costs to be driven out of the program.
- Second, competitive price can be maintained through negotiation and by maintaining the ability to bring a second qualified shipyard into the program.
- Third, a submarine procurement plan utilizing negotiated construction contracts will provide the same benefits usually associated with competition while eliminating the more extreme risks of damaging the industrial mobilization base by competing at levels too low to support that procurement strategy.

3.3 INDUSTRIAL MOBILIZATION EXCEPTION

The award of a contract predicated on industrial mobilization considerations is allowed under the Competition in Contracts Act [10 U.SC. 2304(C)(3)] and the Federal Acquisition Regulations (FAR) as an exception to the use of competitive procedures.

This requirement to maintain an industrial mobilization base for providing services in case of a national emergency is distinguishable from the desire to have a competitive base for product acquisition.

In prior solicitations the Navy has described a National Defense and industrial mobilization base as recognizing "the need for the continued existence of at least two shipyards capable of constructing nuclear submarines".

Electric Boat and Newport News are the only two shipyards in the nation capable of building nuclear powered ships. This capability is extremely difficult to establish and to maintain. It requires a large capital commitment, the ability to keep pace with rapidly changing technology, and lastly, the strict adherence to environmental rules and regulations.

Singularly, each of these factors represents a formidable challenge to re-establishing a nuclear-capable shipyard, should one be lost. Collectively, this challenge may be insurmountable.

3.3.1 INDUSTRIAL BASE AND COST COMPETITION

To maintain an industrial mobilization base of two nuclear-capable shipyards, and to achieve the lowest possible cost, it is clearly better to have a second nuclear qualified submarine shipyard ready to be brought in to help build a class than it is to risk forcing Electric Boat, the lead SEAWOLF construction yard, out of business altogether.

Electric Boat has won technical and cost competitions for the lead SEAWOLF ship. To remain in business, Electric Boat will have to remain cost-competitive on the SEAWOLF program. We have demonstrated this ability on the TRIDENT program.

Low-rate SEAWOLF production will not support a competitive acquisition strategy. The SEAWOLF program competition goal was formulated when the Navy was planning a nominal force of 30 SEAWOLF Class submarines. Presently, only one SEAWOLF is planned per year until 1996.

Given the projected low rate of production, there is every possibility that a directed SSN22 award to the second shipyard in an effort to maintain competition will severely degrade the industrial mobilization base.

3.3.2 BEST COST OPTION: AWARD SSN22 TO ELECTRIC BOAT

All factors clearly demonstrate that the most cost-effective SEAWOLF Program decision is to award SSN22 to Electric Boat. This decision achieves the lowest possible cost for SSN22, maximizes learning efficiencies for follow ships in the class and avoids production-break costs. This strategy is critical to ensuring program continuation in the current budgetary environment.

Should the Navy decide to second source the FY91 SEAWOLF, a severe workforce reduction would begin almost immediately at Electric Boat's manufacturing facilities in Charleston, South Carolina, and Quonset Point, Rhode Island.

In effect, what would appear to be a one-year gap in production at Electric Boat would, in reality, be at least a three-year gap from the start of lead-ship construction to the first Electric Boat follow ship. At our Groton shipyard the impact of this production break would result in a severe workforce reduction beginning in 1992.

Moreover, Electric Boat has projected that a break in SEAWOLF production at Electric Boat would result in an immediate negative cost impact of about $230 million.

These costs include:

- $84 million in unabsorbed overhead, which directly impacts existing construction contracts.
- $126 million due to loss of savings, resulting from the inability to efficiently roll over trades from the lead ship to the next follow ship. Key experience developed on the lead ship would be lost due to at least a three-year production gap.
- $20 million in increased vendor material costs, resulting from a break in production as well as additional certification.

These serious workforce reductions and resulting cost impacts can be avoided in their entirety simply by continuing SEAWOLF production at Electric Boat in FY91, while still retaining the option to bring a second shipbuilder into the program at a more appropriate time when two SEAWOLF ships are awarded.

4.0 REGIONAL ECONOMIC IMPACT

The regional economic impact of Electric Boat's failure to survive would be significant. We are Connecticut's second-largest private employer and Rhode Island's largest private employer. We directly employ 525 people in Charleston, South Carolina, and 410 people in Avenel, New Jersey.

The failure to survive will affect New England and other state and local tax receipts, bank mortgagers and bond-holders, public utilities, and health-care systems in several states.

It will also affect our supplier base, which includes 1,150 Connecticut businesses employing more than 45,000 people working as subcontractors, material and service providers, plus 450 vendors and suppliers in Rhode Island.

This regional impact coincides with major cutbacks already announced for Navy-related activities in the Groton-New London area. These include the impending closure of the United Nuclear Corporation submarine nuclear core plant in Montville; the scheduled 1991 decommissioning of the submarine tender USS FULTON and her associated SSN squadron; the potential consolidation of much of the New London Naval Underwater Systems Center (NUSC) laboratory activities elsewhere; and the decommissioning of the older FBM submarines assigned to the U.S. Naval Submarine Base New London and the downsizing of that facility.

The relative economic health of New England and Virginia was summarized four months ago by the Virginia Employment Commission:

"The current downturn seems to be hitting hardest in New England because of cutbacks in computers and defense," the Commission reported in its November 1990 publication, Economic Assumptions for the United States and Virginia. "The Southeastern and Southwestern states remain the strongest."

The Commission also forecasted that defense-related shipbuilding activities are expected to continue close to their current relatively high level in the Hampton Roads area, and noted that this area rides out economic downturns better than others due to the military presence there. The Hampton Roads area alone received $6.4 billion in defense spending in FY89, 42 percent of Virginia's total.

More recent economic figures show that 1990 contract procurement awards to Virginia amounted to $7.9 billion, a 34.4% increase from 1989. 1990 contract procurement awards to Connecticut amounted to $4.24 billion, a 30% decrease from 1989.

The Commission added that "Although nationally defense was being cut, operations were being consolidated near the Pentagon and in Hampton Roads, and Virginia federal-civilian employment grew by 6,500 or 3.7 percent."

"The end of the Cold-War defense cuts that had been very severe in the Southwest, New England, and around St Louis have had relatively little impact on Virginia, except for the Northern Virginia consulting firms, since much of Virginia's defense industry is centered around shipbuilding and naval operations," according to the report.

The Commission also pointed out that employment at Virginia military bases "has actually grown with consolidation of activities around the Pentagon and Hampton Roads."

The Connecticut Department of Economic Development has, in collaboration with Regional Economic Models, Inc. (REMI) of Amherst, Massachusetts, carried out a simulation which depicts the economic impact on New London County of the loss of submarine contracts at Electric Boat. In the best case scenario, which calls for one SEAWOLF contract per year for the next five years, Electric Boat employment in Groton will be reduced by almost 7,000 through a combination of attrition and layoffs. In the worst case scenario, Electric Boat employment at Groton is phased out entirely over the next 6-7 years.

Following is the impact to the region should Electric Boat be forced out of business:

- A total employment loss of 27,000 jobs in New London County by 1997. Well over half of these lost jobs would be in the manufacturing sector, a staggering loss for a region with one of the highest levels of dependency on manufacturing in the State. Most of the other losses would occur in the trade and service sectors.

- A decline of $1.5 billion in personal income over what would have been expected otherwise. This is a decline of almost 30%. Removing this much money from the local economy would have a devastating effect on the regional trade and service sectors.

- Over half the disposable income in the county would be lost.

- An out-migration of over 20,000 people is projected as economic conditions deteriorate.

- The average wage in the area would decline by $4,700 per year.

- Total regional output would decline by close to 25%.

- During this period transfer payments (unemployment, AFDC, etc.) will increase by more than $70 million over what would otherwise have been expected.

- Related job losses elsewhere in Connecticut of up to 10,000.

These projections are in stark contrast to a May 1990 Virginia Economic Commission study, Defense Expenditures in Virginia - Fiscal Year 1989, which states, "There are numerous proposals for defense cutbacks being discussed by the DOD and in Congress, but none of these is expected to have an impact until 1991 or 1992, at the earliest. Even then the overall strength and diversity of Virginia's economy--especially in the areas of the state where defense expenditures are concentrated--should enable a relatively smooth transition to non-defense economic activities...Also, the leading defense contractors in Virginia are very large corporations, which for the most part, are involved in extensive non-defense activities."

5.0 CONCLUSIONS

I would like to leave you with a number of conclusions important to the future of the submarine industrial base and important to success in controlling costs in SEAWOLF and future Navy submarine programs.

1. **Electric Boat has proven, in both sole-source and competitive programs with steady rates of production, to be capable of coming down a steep cost improvement curve and saving thousands of manhours. Electric Boat has proven modular construction on TRIDENTS and 688s and is proving them on SSN21. Resources and techniques are already in place and paid for.**

- Based on historical experience and application of learning curve estimates for follow ship construction, we are confident that the SSN22 proposal we submitted does provide to the Navy and the taxpayers the lowest price for the ship.

-- Not only will this ship be less expensive because of Electric Boat's already established learning on SSN21, but steady-state stability in the SEAWOLF program can help drive down follow ship costs most quickly to their lowest levels. Stability will clearly help us control submarine construction costs. This would benefit both the taxpayers and the Navy. Failure to drive costs out of the SEAWOLF program at the earliest possible time may limit the number of ships awarded. Not awarding SSN22 to Electric Boat will result in a 3-year production break and a significant increase in total program costs.

-- The SEAWOLF program competition goal was formulated when the Navy was planning a nominal force level of 30 ships procured at a rate of 3 and 4 ships per year. This plan has been reduced dramatically to the current six-year plan of one ship per year through FY95 and FY97 with two ships in FY96 and . This low rate of production does not lend itself to the traditional metrics of competitive procurement.

-- To preserve the submarine industrial mobilization base, it is better to have a second nuclear-qualified submarine shipyard ready to bring in on a class than to risk forcing the lead construction yard, Electric Boat, out of business altogether.

-- The Secretary's decision will affect the cost to the Navy and to U.S. taxpayers of building SSN22, as well as other ships of the Class. And that may have some effect on the number of SEAWOLF Class ships to be built.

2. **The price competitive factor in our view should be determinative of our right to the award of the contract under any applicable law, including that controlling the appropriation for this program.**

-- To the extent that applicable law allows for an award on other than a price competitive procurement, the consideration of industrial mobilization base mandates an award to Electric Boat.

-- Failure to make such an award to Electric Boat would result in the loss of Electric Boat as a source for the construction not only of ships of this Class, but for any other new submarine construction as well.

-- The dominant element in industrial mobilization base considerations under applicable law is the continued viability of the source. Without the award of the FY91 submarine and the follow-on business to satisfy Electric Boat's one-ship-per-year minimum economic threshold requirement, Electric Boat will cease to be economically viable. If SSN22 is awarded to the second source, Electric Boat slips below one ship per year. Therefore the award should go to Electric Boat if indeed the Navy desires to maintain two nuclear-capable yards.

-- While SSN22 is a matter of relative prosperity for Newport News, it now appears to be a matter of survival for Electric Boat and much of the submarine industrial supplier base in New England. There are no foreseeable business diversification opportunities that could sustain the submarine construction and design capability of Electric Boat. We are not facilitized for surface ship construction, as is Newport News.

3. Maintenance of the nation's submarine industrial mobilization base is dependent solely on the SEAWOLF program.

-- The Secretary's decision will determine whether there will be one or two U.S. nuclear capable shipyards. An award to the second yard could leave the Navy with only one nuclear-capable shipyard.

-- Introduction of a second source in a two-ship-buy year is the most attractive alternative to the taxpayers and to the Navy if indeed two yards are required. In this approach Electric Boat continues to be part of the submarine industrial mobilization base, and the lowest possible costs are maintained in the SEAWOLF Program.

-- Except for escalation, start-up costs of a second source are the same whether that yard begins now or later. Hence, there is no financial incentive to energize a second shipyard at this time.

-- Given the projected low rate of production, there is every possibility that an SSN22 award directed to the second shipyard in an effort to maintain competition will severely degrade the industrial mobilization base.

Mr. Chairman, we believe that the Secretary faces a decision that has far-reaching impacts on the industrial mobilization base. This decision will also affect the future submarine technology industrial base.

We believe language adopted in the FY91 Appropriations Bill regarding consideration and promulgation of the acquisition strategy for the FY91 SEAWOLF and follow ships is critical to the continued procurement of SEAWOLF Class submarines; and, equally as important, to the maintenance of this country's invaluable submarine industrial and technological base.

On the question of the relationship between competition and low cost, the obvious answer for a large submarine program may be the wrong answer for a limited program.

Mr. Chairman, if the Secretary has decided that a competitive procurement strategy is the appropriate course for the SEAWOLF class, we, too, believe in competition:

-- We competed for and won the SSN21 construction contract.

-- We competed for and are confident that we won the SSN22 competition by the criterion of lower price.

If it is necessary to protect the industrial mobilization base for future competition, we urge that the Navy bring a second source on board in a two-ship-buy year.

This decision would ensure that:

-- The taxpayers and the Navy will get SSN22 at the lowest possible cost as continued production efficiencies are maintained.

-- This cost-effective approach supports continuation of the program.

-- Electric Boat is permitted to maintain our contribution to submarine technology, to submarine construction experience, and to the maintenance of the industrial mobilization base.

Thank you.

Senator INOUYE. Thank you very much, Mr. Turner.

Before I call upon Mr. Campbell, we will hear from all three witnesses before proceeding to questioning.

I would like to now note the presence of two very distinguished colleagues of ours, the senior Senator from Virginia, Mr. Warner, and the senior Senator from Connecticut, Mr. Dodd. These two are obviously very deeply involved in the matter before us and we wish both of you the best.

Mr. Turner, before I call upon Mr. Campbell, could I ask a few questions and then form the panel?

IMPORTANCE OF AWARD

In your statement you indicate the view that Electric Boat's future revolves around the award of the SSN–22, the second submarine. You have also indicated to us in the past that there is a funded backlog of seven Tridents and seven SSN–688's. Are you not overstating the importance of this one award?

Mr. TURNER. Mr. Chairman, this specific award has a very unique position in the scheme of things from our point of view.

One, the basis for the award of one per year for an ongoing business represents a level which is required. My concern for this particular award is that if it is not acquired at the lowest possible cost—that is, continuing to have the procurement to be the lowest cost to the Navy and the taxpayers—then there is a threat to the number of ships that can be afforded in the program.

If we continue to go with an award to a second shipbuilder for the 22, then there will be really three lead ships in this class—the 21, which we are already building, the 22, which would be the ship that is under discussion here today, and then the 23—if we were fortunate enough to get it in the future, would be 3 years later than our lead ship.

Consequently, the learning that was in place there would have long since gone. And the Navy would, in a sense, be buying three lead ships.

It is my extreme concern that the price tag for three lead ships would put serious questions on the continuation of the program.

Second, the feed-in of the next ship into the beginning of the pipeline of our very automated approach toward building submarines, which many of you have seen, requires that we put something in in the near future. The people who are now at work building the hull for the 21 will soon be finished with that task. And if we do not have another ship very quickly to come in behind it, we will begin layoffs as early as 1992 of those people. So those people who are experienced in building the first ship will be lost from our work force.

TWO BASIC ISSUES

So there are two basic issues. One is my concern that it will drive the total cost of the program much higher than it needs to be. And, second, that we need to fill the front end of the pipeline in our process in order to not have to lay off and rehire people later on.

Senator **Inouye**. Would it alleviate your problem if the first ship went to Newport News and the next one went to you?

Mr. **Turner**. Certainly, that is a better alternative than none coming to me, sir. It would not alleviate the problem of having to lay off people and rehire in a mode in which we are generally downward in total work force.

There is no question that we are preparing to be in business at a much lower level of manpower, 3 years, 5 years from now than we are today. But to have a dip in a very critical skills area, the welding of HY–100, HY–130, and the fabrication of these assemblies, would be a very costly dip, indeed.

And it is my concern that we do not know how the outcome would be.

Senator **Inouye**. If the Navy followed the procedure of awarding Electric Boat every other year, how would that affect the construction of the submarines already on contract?

Mr. **Turner**. It would significantly increase the price to the Navy of those ships because there would be less work during that period than a more nominal amount to absorb fixed overheads and so forth. As we come down our workload heading toward a minimum that is approximately the equivalent to one submarine per year, we cannot make a quantum jump in that, we must ramp down and finish the ships that are under contract.

The smaller the workload base is at any point in time, the more costly each man-hour of work will be as we are completing those contracts.

COST OF SEAWOLF PROGRAM

Senator **Inouye**. Some of my colleagues have suggested that the SSN–21 Seawolf program is a bit too expensive and have suggested that we go back to the SSN–688. Could that be done by Electric Boat?

Mr. **Turner**. It is certainly not my recommendation, Mr. Chairman. We at Electric Boat are in the submarine business. And if the Navy is buying submarines of 688, Seawolf, Trident, Trident derivative, or new class, we will be in there, hopefully, to be the supplier of those products for the Navy.

My own experience would say that the 688 has long outlived its life as economic to build and technologically acceptable to change platform. It is need of replacement.

Senator **Inouye**. I will now call upon the vice chairman of this committee, Senator Stevens.

Senator **Stevens**. Thank you, Mr. Chairman.

ECONOMICAL RATE OF PRODUCTION

Let me ask you this. Have you figured out what your economical rate of production is, your lowest economical rate of production?

Mr. **Turner**. Yes, sir, Senator; we have stated that earlier. And it is also in our testimony. Maybe it was before you joined the group.

We are at about one-per-year equivalent submarines in hardware workload in order to sustain our business. One submarine equivalent per year.

Senator **STEVENS**. So you have come to the conclusion, as many of our colleagues do, that we have to make a choice between your organization and Newport News; is that right?

Mr. **TURNER**. As long as you are going to procure one ship per year, I do not see how two people can stay in the business and produce a cost-effective product.

Senator **STEVENS**. Do you produce anything else at your plant now?

Mr. **TURNER**. Only submarines and the services for the submarine force of the U.S. Navy. We are very specialized.

Senator **STEVENS**. Those are all the questions I have.

Senator **INOUYE**. Senator Rudman.

BACKLOGS

Senator **RUDMAN**. Thank you, Mr. Chairman. Let me just see if I can at least get the facts straight. Looking at your statement and looking at the statement of Mr. Campbell, who is going to be testifying, your statement on page 11 says the Newport News workload, Newport News has a 9-year backlog of $8.6 billion, nearly 50 percent greater than Electric Boat.

The backlog includes construction contracts for 3 CVN's and 10 688's. In terms of sales, one carrier is considered the equivalent of five to six submarines, according to Newport News president, Edward Campbell. About 80 percent of this backlog was awarded in sole-source negotiations and so on. Now that is your statement.

His statement says the backlogs at Newport News and Electric Boat are very similar, a total of 13 ships at Newport News and 15 ships at Electric Boat, with a fairly close dollar value at both yards with their respective backlogs. Each yard will have only four ships of that backlog remaining to be completed in January 1995; 2 years later in January 1997, based on current contracts, each yard will have only one ship.

Now let me just say, parenthetically, that I am advised that that statement probably is not totally accurate in the sense that if your $8.6 billion figure for their backlog is correct, I am advised by our staff that your backlog is $5.8 billion; is that correct?

Mr. **TURNER**. Somewhat less, it is over $5 billion.

Senator **RUDMAN**. How do you explain the difference in the two statements?

Mr. **TURNER**. First off, the statements relative to the Newport News backlogs are from published statements of $8.6 billion.

In equivalency of ships, you must look at their own statement as to the carrier versus the submarine, from five to six—pick a number, four, five or six—so there are a significantly greater number of ships, equivalent ships, if we are talking submarines, left on their backlog on January 1.

Then if you take a carrier vis-a-vis a 688 submarine or a Seawolf submarine, the 9 years represents the published delivery dates on those ships. Each and everything in that paragraph is public information, sir, so the big difference is in the backlog and the way in which that backlog is worked off and the equivalent ship of a carrier being much more than equivalent to one submarine.

MANUFACTURING PRODUCTS OTHER THAN SUBMARINES

Senator **RUDMAN**. You, in your answer to Senator Stevens, indicated that you manufacture, as we all know, only submarines and associated equipment. There, too, have you ever attempted to propose to the Navy that in this declining environment of submarine acquisition you might be doing other things, or is that impractical, considering the shortage of ships to build generally across the whole fleet?

Mr. **TURNER**. We have, over the years, explored not only ship, submarines, but other marine structures and other product lines which might fit. To this date, I do not think we or any other shipyards have been very successful in finding a product that fits the skills and the facilities that are available to be used in the production of products. We continue to have discussions with Navy about other things that we might be able to do, but if you are in the nuclear submarine-building business, your organization and structure is not well suited to compete either in commercial, if it were available, or in nonnuclear, nonsubmarine types of ships.

SIZE OF WORK FORCE

Senator **RUDMAN**. What is the current employment of your company?

Mr. **TURNER**. 22,000.

Senator **RUDMAN**. What do you project it at in 1995?

Mr. **TURNER**. Down about 7,000; to between 7,000 and 10,000, depending on how things work out.

Senator **RUDMAN**. So you are talking about taking your company presently at 22,000 and taking it down to somewhere around 15,000, or 13,000?

Mr. **TURNER**. No, no; less than that. It would be from 22,000 down to about 10,000. We are already down about 2,000 from our earlier peak levels. We had a layoff last year. Even with the present workload in Seawolf we are probably going to have a reduction in force before the end of 1991, with layoffs occurring in 1992 in the hourly ranks.

Senator **RUDMAN**. So you are telling me, then, you are going from 22,000 down to 10,000 by 1995. Is that your projection?

Mr. **TURNER**. That is correct.

Senator **RUDMAN**. If, in fact, this acquisition went to Newport News, what would your work force look like at that point?

Mr. **TURNER**. That point is dependant upon what comes after this particular award. If we are able from 1992 on to get one a year, then it would be the same. If there is less than that, then it would probably force us into about 1994 making a very, very difficult business decision to finish up what we have and go on out, or maybe in 1993 we would reach that point.

Senator **RUDMAN**. I understand that. I understand your testimony, but let me see if I understand—are you telling me that if the U.S. Navy decided to procure submarines at a very slow rate over a long period of time because of budgetary constraints, and that would only be sufficient to maintain a yard of, say, 7,000 people, or 6,500 people, that that would be an uneconomical business to be in?

Mr. **TURNER.** No, sir; I have said the one per year, which is between 7,000 and 10,000, is a viable business. Anything below that is not. Maybe I misunderstood your question, sir.

Senator **RUDMAN.** Well, that is a very difficult issue facing the Secretary, and I guess facing the Congress. I will wait to hear the other testimony, of course.

Thank you, Mr. Chairman.

Senator **STEVENS.** Could I have one other question, Mr. Chairman.

Senator **INOUYE.** Please.

RELATIONSHIP WITH TRIDENTS

Senator **STEVENS.** To what extent do you have an ongoing relationship with the Tridents?

Mr. **TURNER.** The ongoing relationship with the Trident is to finish the 18th, which has been dubbed the last of the class, and was authorized and appropriated in fiscal year 1991, and that contract is now underway.

Senator **STEVENS.** Will you have any ongoing relationship in the sense of overhaul, maintenance, modernization?

Mr. **TURNER.** Yes; we do. We continue to support the Trident fleet, both updating it from a technological point of view as well as supporting it when it needs repairs, and so forth.

Senator **STEVENS.** How extensive is that?

Mr. **TURNER.** Part of that work is from the 7,000 to the 10,000 total we were talking about. People that build ships would number 7,000, and above that would be people that are supporting ships and doing other types of work.

Senator **STEVENS.** So if you are down into the lower level of employment, about 30 percent would be related to ongoing maintenance of previous ships built?

Mr. **TURNER.** Maintenance of other ships previously built; yes, sir.

Senator **STEVENS.** Thank you very much.

HISTORY OF ELECTRIC BOAT

Senator **INOUYE.** Mr. Turner, how old is Electric Boat?

Mr. **TURNER.** Electric Boat will have, hopefully, its 100th birthday in the last year of this century, 1999.

Senator **INOUYE.** You mean, you have been building submarines for 100 years?

Mr. **TURNER.** We have been building submarines since the deliveries started in the early 1900's with the Holland Co.

Senator **INOUYE.** You have just built submarines all that time?

Mr. **TURNER.** At Electric Boat, the residual business, we have built submarines and some industrial products during low periods, but with very little success; that is correct.

Senator **INOUYE.** Where is Electric Boat located?

Mr. **TURNER.** Electric Boat is located—the headquarters are in Groton, CT, on the Thames River. The next largest facility is located in Quonset Point, RI. Following that, we have a shop and facility of about 500 people in Charleston, SC.

We have a motor and fan manufacturing business for submarines and quiet electric motors in Avenel, NJ, and engineering facilities—primary engineering facilities in Atlanta and Tampa, plus facilities that support the various Trident and other naval facilities.

Senator **INOUYE**. What percentage of the work force of Groton is represented in Electric Boat?

Mr. **TURNER**. The percentage of the work force——

Senator **INOUYE**. At Groton, CT.

Mr. **TURNER**. About 16,500 of the 22,000 are in Groton. That includes most of the engineering and production activities.

Senator **INOUYE**. Is it a major employer in Groton?

Mr. **TURNER**. It is the second largest employer in the State of Connecticut, and by far the largest employer in the entire area of southeastern Connecticut.

Senator **INOUYE**. It would be an understatement to say that it would have a major impact on the employment picture, then?

Mr. **TURNER**. It certainly would, Mr. Chairman.

Senator **INOUYE**. I thank you very much. May we recall you for the panel discussion?

NEWPORT NEWS SHIPBUILDING

STATEMENT OF EDWARD J. CAMPBELL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NEWPORT NEWS SHIPBUILDING

Senator **Inouye**. We will now hear from Mr. Edward J. Campbell of Newport News Shipbuilding.

Mr. Campbell, I welcome you.

Mr. **Campbell**. Good morning, Mr. Chairman, distinguished members of the subcommittee.

I am Edward J. Campbell, president of Newport News Shipbuilding, a subsidiary of TENNECO, Inc., of Houston, TX. Other than shipbuilding, TENNECO is mainly in nondefense businesses, such as farm and construction machinery and natural gas pipelines.

With your permission, I will submit for the record my entire statement and also summarize my views here today.

PRESENTMENT OF STATEMENT

Mr. Chairman, I would say this. Both Newport News and Electric Boat are good shipyards, and each of us is aware of the many issues involved in this matter before the subcommittee.

We head up two companies that produce products vital for the future security of this country. They are both private businesses, but at the same time, and in a very real way, they are national assets. Our companies respect each other, but we compete intensely for business.

As a taxpayer and as a businessman I would offer four thoughts to you today which, in my view, go to the heart of the matter.

KEY POINTS OFFERED

Point 1: The Seawolf program, currently laid out the next few years, should not be viewed as cast in stone. Indeed, there have been numerous changes to it over just the very short span.

If there is to be only one attack submarine built per year over an indefinite period, the Navy attack submarine force, over the course of time, will reduce to less than 40, less than one-half its present strength. I believe that result in itself is the most serious issue since our national defense will be greatly weakened.

Point 2: The Government should not abandon competition in the submarine program, except as a last resort, for a number of reasons, but principally because cost to the Government will go up because of lack of competition.

Point 3: If, however, it becomes national policy that there should be only one submarine produced in shipyards in the United States, despite the fact that the Russians continue to operate five shipyards making submarines, the judgment as to which shipyard should remain open should be based on experience and proven data in competition, not on unproven assumptions.

Such a judgment can be reached only after each shipyard has at least partially produced a Seawolf, with proven results, for better or for worse.

In a competitive showdown, Newport News, obviously, feels confident and competent, since Newport News has won the awards for 8 of the last 10 688's bid in open competition. Again, my suggestion is to let competition work.

Point 4: My last point is that with a backlog of 15 ships at one yard, Electric Boat, and 13 ships at the other, Newport News, there is no reason that any decision must be made this year to put either shipyard out of the submarine construction business.

The contract backlog at each of the yards is completed in 7 or 8 years, in 1997 or 1998, not in the next few years.

WHY NEWPORT NEWS SHOULD BE AWARDED CONTRACT

I would like now to respond to the subcommittee questions, sir. First, as to why Newport News should be awarded the contract for the SSN–22. My basic response is that Newport News should be awarded this contract if we were the successful bidder as determined by the U.S. Navy. On January 8 of this year we submitted our bid which was in full compliance with the Navy's request for proposal.

The second question is, What will happen if Newport News is not awarded the SSN–22? The effect will be that Newport News will most likely go out of the submarine business as our 688-class backlog is depleted. Our submarine employment will decrease from 12,500 people now over 5 years at the average rate of about 2,500 per year to 0 by the end of 1995. It would be the end of an era for us, an era we look on with great pride.

Although we could theoretically bid on the third or fourth Seawolf, realistically Newport News would be too far behind Electric Boat on the learning curve to be able to compete.

Our 688 backlog submarine work, as I mentioned, will be decreasing at the rate of about two subs per year through 1995. The last 688 we have under contract is now in our fabrication shop where the most intensive direct labor work is performed.

If we lost Seawolf–22, the impact on the economy of the Virginia Tidewater region, over a period of time, will be at least 30,000 jobs, a catastrophic result for any region. That, of course, takes into account our layoffs as well the effect it has in the neighboring community. Our area currently has an employment rate very similar to that of southeastern Connecticut, within 0.2 decimal points.

The last two questions submitted to us are basically of the same thrust, except that the Seawolf submarine volume awarded to us is assumed to be either one per year or one every other year. Both scenarios, obviously, are better than none at all.

Either way, though, we would continue to lose some submarine employees since our 688 backlog would be going out at the rate of two ships per year. Those two *Los Angeles*-class ships would be about equivalent to one Seawolf per year.

We would keep a small number of people employed the rest of the decade building Seawolfs. I would estimate that we would have about 7,000 builders working if we receive one per year, and about 4,000 if we only received one every other year.

With only one Seawolf, the cost to the Navy will go up no matter who builds them because of such low volumes. It would be highly speculative, however, to attempt a prediction now on the overhead conditions at each shipyard in 1995 when the 688's are completed.

Our Newport News shipbuilding labor rates have traditionally been lower than those of Electric Boat, and I would expect that trend to remain during the 1990's. I emphasize that Newport News would still be able to keep its basic submarine construction capabilities in place at a rate of one Seawolf award every other year, starting this year with Seawolf–22.

THREE FINAL POINTS

Mr. Chairman, three final points. First, we currently have 27,000 employees at our shipyard. Of these, 55 percent craftsmen are members of a racial minority. Of our employees, 12,500 are involved in attack submarine work.

Second, the remainder are associated predominantly with aircraft carrier construction and overhaul. All of those contracts are completed at the same time Electric Boat completes its Trident submarine backlog.

The backlogs at Newport News and Electric Boat, Senator Rudman, are very similar: a total of 13 ships and 15 ships at Electric Boat, with a fairly close dollar value per employee at both yards of their respective backlogs.

Totaling Mr. Turner's 22,000 people and our 27,000, if you divide that into our backlog and you divide his number into his backlog, the sales per employee are equivalent.

Each yard will have only four ships of that backlog remaining to be completed in January 1995. Two years later in January 1997, based on current contracts and based on information supplied to the Navy by both contractors, each yard will have only one ship to complete.

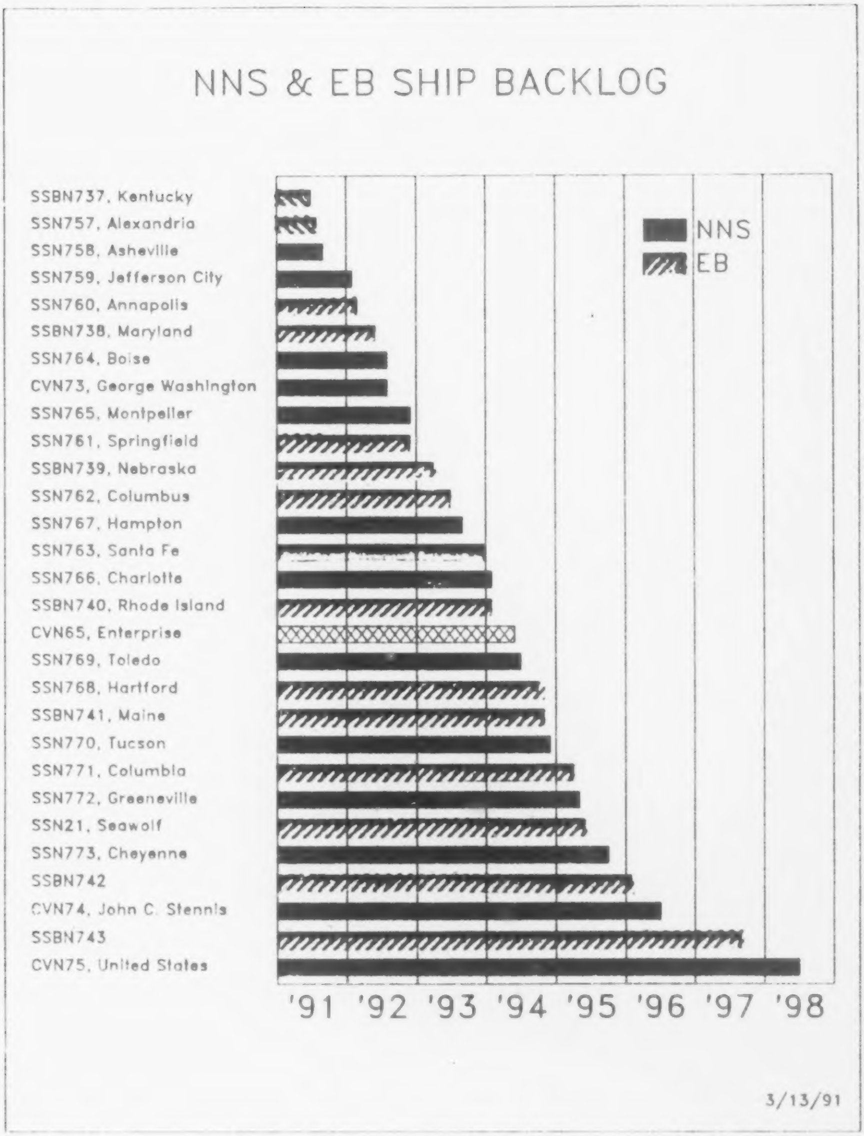
I am attaching charts indicating by ship the backlog at each yard, and I believe you have those three charts.

My third and last point is that we at Newport News have invested more private money from 1980 to 1990 than was invested in that period by all other U.S. shipbuilding companies put together, a total of about $1.1 billion in new facilities, of which $550 million, one-half of the total, was for Seawolf facilities or related services to the Seawolf.

We should not be punished because we have made our people and our yard more modern and more flexible than any of our competitors.

I appreciate your attention, and I will be happy to try to answer your questions.

[The charts follow:]


NNS & EB SHIP BACKLOG
SSBN737, Kentucky
SSN757, Alexandria
SSN758, Asheville
SSN759, Jefferson City
SSN760, Annapolis
SSBN738, Maryland
SSN764, Boise
CVN73, George Washington
SSN765, Montpelier
SSN761, Springfield
SSBN739, Nebraska
SSN762, Columbus
SSN767, Hampton
SSN763, Santa Fe
SSN766, Charlotte
SSBN740, Rhode Island
CVN65, Enterprise
SSN769, Toledo
SSN768, Hartford
SSBN741, Maine
SSN770, Tucson
SSN771, Columbia
SSN772, Greeneville
SSN21, Seawolf
SSN773, Cheyenne
SSBN742
CVN74, John C. Stennis
SSBN743
CVN75, United States
NNS
EB
'91
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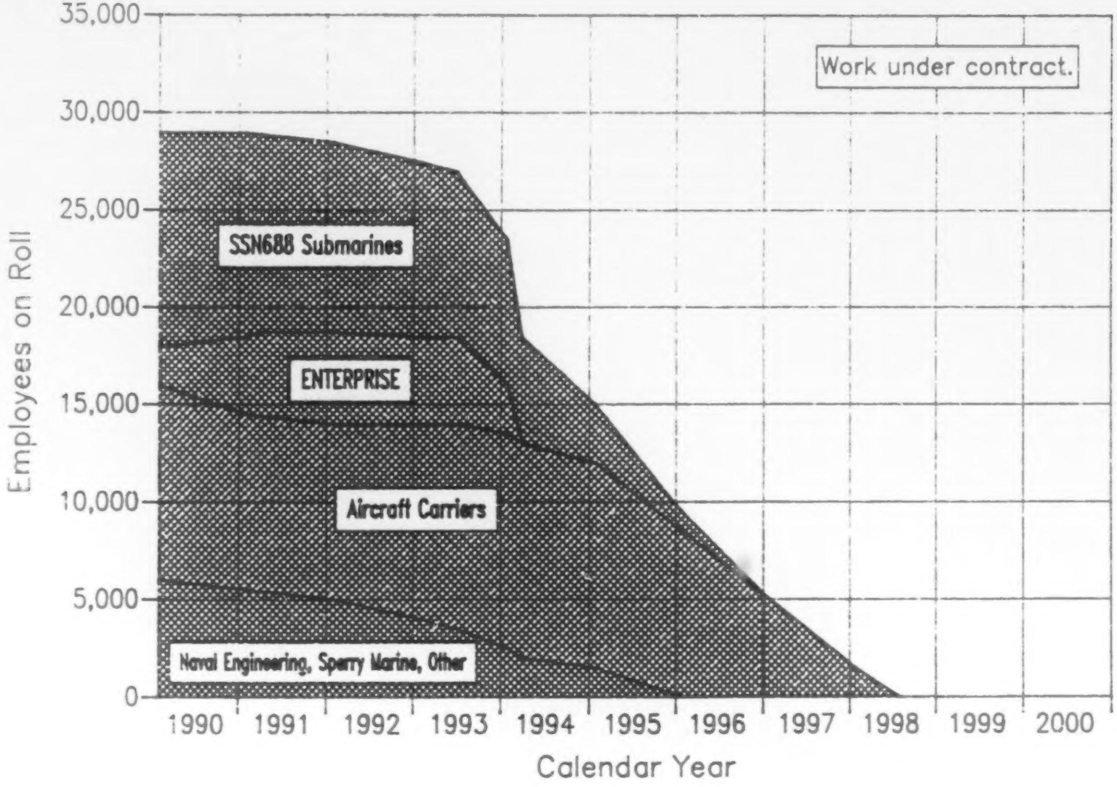
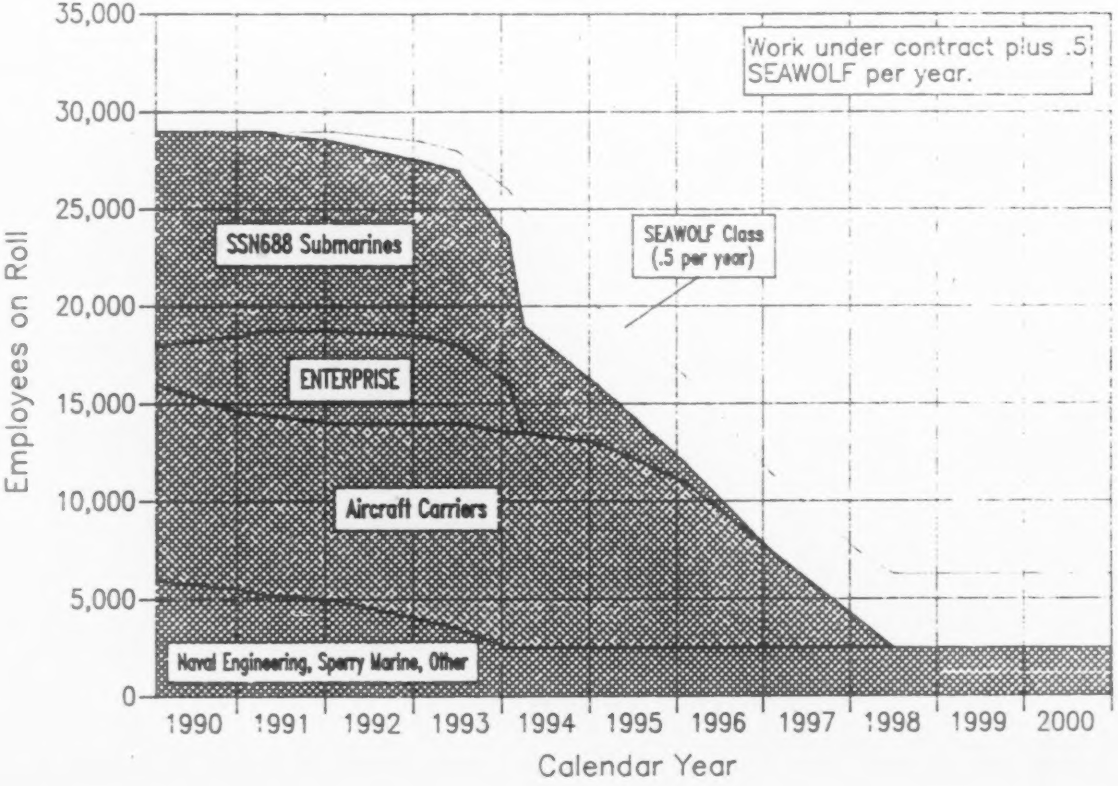
NEWPORT NEWS SHIPBUILDING EMPLOYMENT

Total Roll



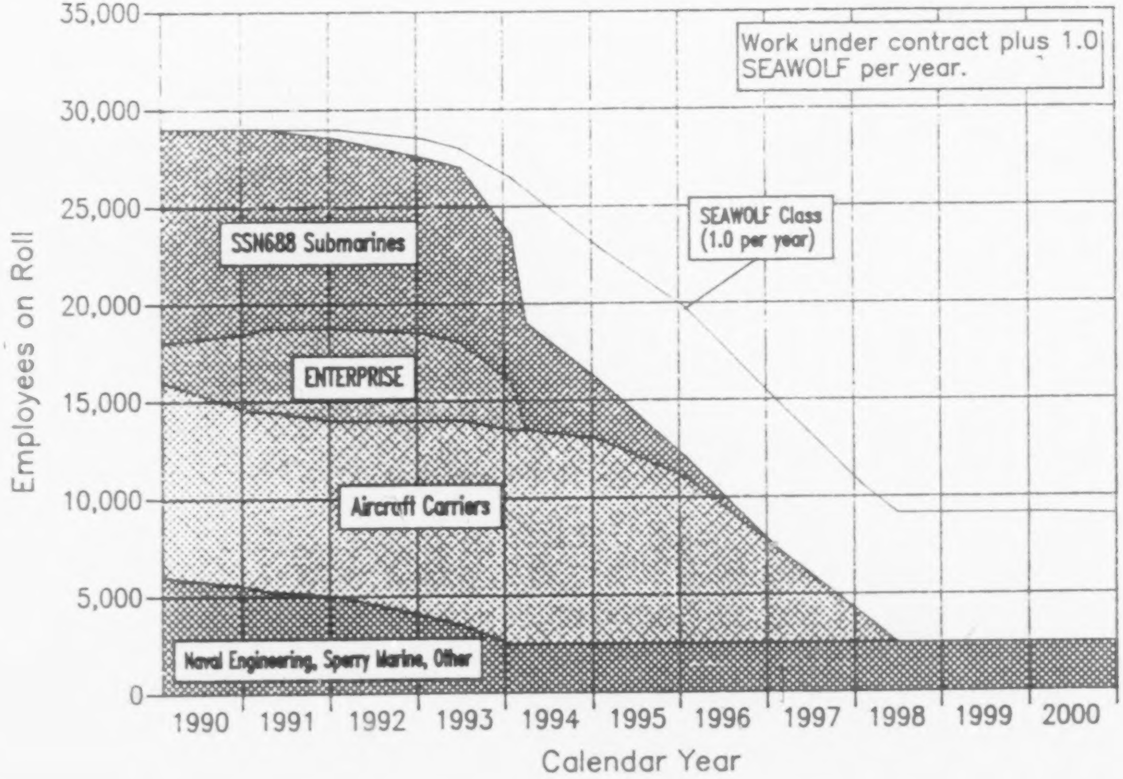
NEWPORT NEWS SHIPBUILDING EMPLOYMENT

Total Roll



NEWPORT NEWS SHIPBUILDING EMPLOYMENT

Total Roll



Senator INOUYE. Thank you very much, Mr. Campbell. Just as a matter of clarification, I do not believe the committee submitted questions to either one of you gentlemen. I believe your Washington representative had a chat with some of my staff, and they must have suggested the thrust of our meeting here.

SURVIVAL THREATENED

First, may I begin by quoting your statement. In one page you said that there is no reason that any decision must be made this year to put either shipyard out of the submarine construction business. And on the next page, you indicate that if the submarine is not awarded, you are not awarded the 22, the effect will be that Newport News will most likely go out of the submarine business as our 688 backlog is completed.

Is that contradictory?

Mr. CAMPBELL. I do not think so, sir. If you make the decision this year to not award us the SSN–22, or the Navy makes that decision, we will go out of the submarine business by default. We will not be able to compete effectively on the Seawolf thereafter.

Electric Boat will have had two boats under construction with their learning curve. We will have had none, and we will not be able to compete effectively on No. 3 or No. 4, whenever they may be awarded.

We will continue, obviously, to phase out the 688's until our contracts are fulfilled. So, theoretically, we are remaining in the submarine business until that is done.

Senator INOUYE. Considering the fact that Newport News is the only manufacturer of aircraft carriers and one of the two nuclear shipbuilders, would the employment picture be as drastic as Electric Boat if the award is not made to Newport News?

Mr. CAMPBELL. Would the employment picture be as drastic?

Senator INOUYE. Would the layoffs be as drastic?

Mr. CAMPBELL. Yes, sir; they would. Our employment would go down percentagewise at about the same ratio as would Mr. Turner's. We would be out of employees in 1997; he would be out in 1998, with no further contracts awarded to either one of us.

To say what it would truly be at that time, I do not know. It would be mere speculation as to what awards would be made over the next *x* years by the Government to either one of us or each of us. If we were awarded another aircraft carrier in the interim, that would be a different picture than if we are not awarded another aircraft carrier.

I have three partially built now; one will be delivered next year, one in a few more years, and one in 1998, early in 1998. But I cannot count on business I do not have contracts for.

Senator INOUYE. I asked Mr. Turner about the possibility of going back to the 688. Can Newport News do that?

Mr. CAMPBELL. Sir, we built the Seawolf facilities because the Seawolf was so much larger than the 688's. We could effectively build the 688's in the Newport News facilities; yes, sir.

DESIGN CONTRACT

Senator INOUYE. I believe at this time there is contractual arrangement between Newport News and Electric Boat on the design of the 21?

Mr. CAMPBELL. That is right.

Senator INOUYE. What would happen if either one of you got the exclusive?

Mr. CAMPBELL. On the design contract, sir?

Senator INOUYE. Yes.

Mr. CAMPBELL. We are the lead design yard. We subcontract part of our contract to Electric Boat on the portion of the ship that we have the responsibility for. The nuclear portion of the Navy has its own contract with Electric Boat on the propulsion plant, on the nuclear portion of the propulsion plant.

I would assume Electric Boat is perfectly capable of designing the complete ship. We have been fortunate in that we are the lead designer of both the 688 and the Seawolf. We won those in open competition with Electric Boat, but I have no doubt about their qualifications to design the total ship.

Senator INOUYE. You indicated, as did Mr. Turner, that an award of one submarine every other year is better than nothing. With that arrangement, do you believe that both shipyards could continue on competitively?

Mr. CAMPBELL. Sir, my charts would show you that I believe I can stay in business with one-half a Seawolf every year. In other words, one every other year. I will maintain an employment of at least 4,000 people. It will keep me going until something else comes along.

Senator INOUYE. Thank you very much.

Senator Stevens?

Senator STEVENS. Mr. Chairman, that touches, I think, the question that I wish we had the jurisdiction to get into, and this is one of the great problems about the bifurcation in the Senate, the authorization committee deals with the overall question of the industrial base, but it seems to me that that is the basic question here. To what extent is there a national interest in preserving an industrial base?

YARDWIDE CONCEPT

Let me ask you this. When you have the aircraft carriers, you are able to split your overhead between carriers and submarines, are you not?

Mr. CAMPBELL. That overhead which is yardwide, sir, that which is specific to the carriers, goes to the carriers.

Senator STEVENS. But you have a yardwide concept. If you were down to just submarines, you would have to assign all of that with the submarine?

Mr. CAMPBELL. That is correct.

Senator STEVENS. But for some period, now, you have sort of an overhang of the finishing up of the carriers. You still have three underway?

Mr. CAMPBELL. Yes, sir; I do.

Senator **STEVENS**. It has been, I gather, the same situation in Electric Boat in regard to the Tridents and their work on the attack submarines. They had the ability to share the general overhead between separate contracts.

We are coming down to the point where each of you have to look forward, for at least a period of time, to having the overhead be absorbed by continuation of the submarine. The 21 is going to be the only game in town after awhile.

Mr. **CAMPBELL**. After 1995; yes, sir, on submarines.

Senator **STEVENS**. Right. So, if we are going to maintain an industrial base, we have to find a way to absorb at least the general overhead so that you can have an ongoing base of two organizations capable of building submarines. You are the last two left in the country; is that right?

Mr. **CAMPBELL**. I believe that the country would be in desperate condition if it did not have two shipyards building submarines.

MAINTAINING AN INDUSTRIAL BASE

Senator **STEVENS**. Mr. Chairman, I believe that is a task we ought to talk to our authorizing committee about, but it does seem to me that there must be a new approach in peacetime to the maintenance of an industrial base.

If the Nation wants to maintain an industrial base, we are going to have to face up to the cost of maintaining two, and not just in terms of the submarines, but in terms of other types of equipment we will have to have if things turn around in the Soviet Union.

I happen to believe that the ongoing production of [deleted] submarines as opposed to one, still indicates that the Soviets have not come on board yet in terms of arms control.

It is time for us to review that matter. I do not think we have the jurisdiction, I must tell you, but the Congress as a whole has the duty. Thank you.

Senator **INOUYE**. Senator Rudman.

Senator **RUDMAN**. I was just listening to my colleague from Alaska. I do not think we adopt the Russian planning purposes as a role for our economy. That may be part of their problem. They do not know how to convert their facilities to anything else and they are just going to keep building what they have to build because they have nothing to build.

Senator **STEVENS**. Would you yield there? What about when we get to the point where they have nothing else to use except to put them to work.

AIRCRAFT CARRIER SITUATION

Senator **RUDMAN**. That is true.

Mr. Campbell, I was struck by your statement that you think it would be a national tragedy if it goes to only one yard building submarines. You could put the shoe on the other foot. There are a lot of people who have thought that it has been a semitragedy that they have only one yard building aircraft carriers.

Mr. **CAMPBELL**. We would welcome competition in building aircraft carriers, sir.

Senator **RUDMAN**. Say again?

Mr. **CAMPBELL**. We would welcome competition in building aircraft carriers.

Senator **RUDMAN**. You would welcome it, but you know perfectly well that with the enormous investment that that requires and the relatively low number, you are not going to get people who can put that kind of capital in.

You have been in the business. You do a superb job at it. You build first-rate carriers, and unless we are going to start building four or five a year, no one else is going to put that kind of money into it.

I just ask you this question. If you go out of the submarine business—and I am not sure you are going to—but if you do go out of the submarine business for any reason whatsoever, long-term prospects for Newport News as a viable part of the industrial base of this country are fairly solid, are they not, in terms of what we will be doing here, replacing carriers, and building other carriers to keep our fleet modern, assuming that is what we are going to do? I think that is a valid assumption; am I correct?

Mr. **CAMPBELL**. I think we are in a better position for the future than is Electric Boat who has invested far less money than have we in their facilities; who have specialized in one product line. We have made ourselves ~~flexible.~~ We have trained our people to be flexible. We have all the procedures in place to do multiple jobs.

We are not just doing one thing. So, therefore, in times of recession, depression, we are in a better position to go seek other types of work.

OVERHAUL OF SUBMARINES

But there are all kinds of things that Electric Boat can also be seeking that will fit their facilities perfectly well. They can do overhaul of submarines, for example. They can go on the international market and sell submarines to other countries with the permission of our U.S. Government, which, I think, if they were not supplying any orders to us, we would have the perfect right to go elsewhere.

Senator **RUDMAN**. There are some folks up in Portsmouth, NH, who are not terribly anxious to have Electric Boat get in the overhaul business, I will tell you that.

Mr. **CAMPBELL**. I thought of that as I said it, and I assume they would come from Charleston or some other place.

Senator **RUDMAN**. Let me just point that the chairman, you know, has just passed a note, which I was reminded. There is a carrier in the fiscal year 1995 budget, and I think based on what is going on in the world, I would think we are going to keep the carrier force modern.

We have a tough decision. The Secretary has a tough decision. I do not think the question is so much with specificity, well, it is. It is not a general, broad question of keeping an industrial base. We are going to have the question of how are we going to do that?

It looks to me sitting here that if we lose Electric Boat for whatever reason, then we have lost something pretty important. If we lose your company, that would be tragic, because we would lose, essentially, two capabilities, really more than two. I do not know what the Secretary is going to do, but I surely would not want to see a situation where we ended up with Electric Boat as a very feeble competitor because it did not have enough to do.

COST ANALYSIS

And with all due respect to your answer, Senator Stevens, I dare say that I do not know how your accounting is done, but you surely do have a broader overhead to write off against than Electric Boat when you look at the cost of a 1993 carrier compared to a 1993 688.

Mr. CAMPBELL. Sir, only 50 percent of the cost of a carrier comes to the shipyard. The rest of it is Government furnished.

Senator RUDMAN. I understand that, but it is still a lot. What was the contract price for the latest carrier that you have in your procurement stream, the one that you are now producing?

Mr. CAMPBELL. We are talking about roughly $1.7 billion.

Senator RUDMAN. Of course, the other problem that we have, which is not your problem, is that I am starting to wonder as I look at some of these weapons, and they are remarkable. We have seen them working, but I am wondering whether or not we have to rethink what we are doing here.

You get the submarines at 1991 dollars at $2.1, $2.2 billion, whatever. We will get to the point, I can project out there, 1999 we will be able to afford one submarine every 7 years at the prices we are talking about.

I am really wondering. This committee suggested, I remember, 2 years in a discussion whether we ought to look at the 688 in terms of things we could do to it. It is still a pretty capable submarine. It does not do all the things that the Seawolf will do by a long shot, but very capable submarine. What was the cost of the last 688 that you are contracted to deliver?

Mr. CAMPBELL. My share of the total cost was about $340 million.

Senator RUDMAN. What was the total cost, if you know, Mr. Campbell?

Mr. CAMPBELL. I think it was close to $800 million.

Senator RUDMAN. That is a far cry from $2.1 billion, which I am sure that the Secretary recognizes.

Thank you for your testimony. You have a first-rate yard. I have been there. You do first-rate work.

Mr. CAMPBELL. Thank you.

Senator RUDMAN. We have a tough problem here to decide what we are going to do.

Senator INOUYE. Thank you.

Senator Specter?

Senator SPECTER. Thank you, Mr. Chairman. As this subcommittee has proceeded to hear witnesses, especially in the Navy Department, I think it is fair to say that we have been struck with the tremendous competition with high-priority items for the available Navy dollars.

One threshold question, which is of concern to me, is whether we are on the right track with the plan we adopt, which we adopted last year, for reducing the defense budget by the substantial amount of 25 percent over the course of 5 years.

In the intervening year, we have seen some very startling world developments—the gulf war for one. We have also seen changes in the Soviet Union with the threat there being more pronounced because of problems of instability and Gorbachev pulling to the right, and the reemergence of their military.

Let me ask you a threshold question, Mr. Campbell, recognizing that you might have some vested interest in an expanded defense budget. Do you think that last year's targeting, with the 25-percent reduction over 5 years, makes sense this year?

NAVY ROLE IN DESERT STORM

Mr. CAMPBELL. Sir, I feel Desert Storm did not adequately come across in the media as to the true role that the Navy played in the whole activity. I think that there is a general feeling that the Navy was not major player. I know different because I know of the action that our aircraft carriers in the Navy had to do. How they had to get there first; how they, in effect, kept the Iraqis from invading Saudi first, and then how they contributed immensely to the conduct of Desert Storm.

I would say to you that arbitrarily scheduling a cut like that, without going through the objectives of what you want the Navy and the other Armed Forces to carry out, is something that I do not understand.

But my role is as a shipbuilder, and I would prefer not to go any further than that because I certainly am not a military strategist.

Senator SPECTER. You mentioned the aircraft carriers, which was a subject we went into in some detail with the Secretary of the Navy last week. The Secretary wrote the New York Times that we can deploy one carrier for every four that we have. If we reduce the number to 12, that would be 3 deployable.

Where are we with the gulf war when we needed six? That is a rhetorical question. It has no answer.

Mr. CAMPBELL. The Navy, for a short period of time, found a way to do it. How long they could have done that I have no idea. I do not think that the Navy could have kept six out there for a sustained period. I do not believe so.

Senator SPECTER. That is the time when, of course, the Navy had more than 12. And there is, beyond the issue, as to whether our overall defense budget is adequate. There is the issue as to the allocation among the services.

ALLOCATIONS AMONG SERVICES

Nobody from the Navy wants to testify about priority for Navy matters over the B–2 bomber, for example, but there are enormous costs for the B–2. That has been cut from about 135 down to 75, but each copy of the B–2 costs $800 million, which is about what it costs for a service life extension of a carrier.

There is a real issue as to whether the allocations are made appropriately among the branches of the services.

We passed in the Appropriations Committee last week, a direction from at least the Appropriations Committee, to compel the Department of Defense to proceed with what the Congress has decided are the priority items on the V–22, for example, and the Service Life Extension Program. Some of the media publicity ran to the effect of: how was that the business of the Appropriations Committee to make an order to the Department of Defense?

I think that there is a fundamental misunderstanding of when Congress makes a judgment in our role to decide public policy, defense policy, and allocations, and that legislation is signed by the President, that that is the law of the land.

That is what the Government is supposed to do. It is not a matter of micromanagement or intermeddling. We establish defense policy through authorizations and appropriations. But if you would care to comment, Mr. Campbell, I would be interested in whether you think the Seawolf is a better investment than the B–2.

Mr. CAMPBELL. From my company's standpoint, obviously yes, sir. From the Nation's standpoint, I really have no expertise in the matter, so I would ask you to accept that as an answer.

Senator SPECTER. That is the ultimate question for the jury. We are the jury, and we will take that into account, Mr. Chairman. I have a number of questions which I would like to submit for the record to be asked of a number of the witnesses today. Thank you.

Senator INOUYE. Thank you very much.

Mr. Campbell, I thank you very much, and if you will wait we will have a panel after the Secretary.

Mr. CAMPBELL. Thank you very much, Mr. Chairman.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. H. LAWRENCE GARRETT III, SECRETARY OF THE NAVY

ACCOMPANIED BY:

HON. GERALD A. CANN, ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT AND ACQUISITION)

REAR ADM. MILLARD FIREBAUGH, USN, SSN–21 PROGRAM MANAGER

Senator INOUYE. May I now call on Secretary Garrett?

Mr. Secretary, it is always good to have you with us, sir.

Mr. GARRETT. Good morning, Mr. Chairman. Mr. Chairman and members of the committee, I, too, welcome this opportunity to discuss with you this morning what are very important issues—the Seawolf program and submarine shipbuilding.

ROLE OF SEAWOLF

Mr. Chairman, the Seawolf will maintain this Nation's undersea superiority. It will undergird our power projection capability and carry our submarine force into the 21st century with a significant technological advantage. In the next century, Seawolf will be the only platform capable of performing the most demanding undersea warfare tasks.

The new defense strategy outlined by the President and Secretary Cheney reaffirms the need for a robust Navy to guarantee the freedom of the world's oceans and to project when necessary maritime power. As fiscal constraints mandate naval reductions, our maritime superiority will depend more and more on force-multiplying technological advances that will give us the decisive edge over future threats.

The role of attack submarines in our increasingly complex and uncertain world is growing, not diminishing. They have unique multimission capabilities that apply across a broad spectrum of possible conflict.

SUBMARINE ACTIVITY IN DESERT STORM

For example, submarines in Operation Desert Storm for the first time fired land attack Tomahawk cruise missiles against targets in Iraq. These attack submarines conducted, as well, surveillance operations and provided valuable real time tactical intelligence for battlefield commanders.

Additionally, attack submarines covertly insert special forces and conduct mine warfare. The premier ASW capability of the attack submarine plays a pivotal role in establishing the localized sea control which is essential for carrier battle forces to project power ashore.

SOVIET THREAT

In planning for the future of our submarine force, it would clearly be imprudent to dismiss the Soviet threat, given the uncertainty about developments to date inside the Soviet Union. The Soviets, as you know, have the world's largest submarine force, one which they continue to modernize—10 submarines were completed in 1990 alone.

More importantly, during this decade the Soviets are expected to produce a new generation of attack submarines that will be quieter than our earlier *Los Angeles*-class, the 688-class submarines, and approaching the quieting levels of our improved *Los Angeles*-class submarines.

I think it must be remembered that the *Los Angeles*-class submarines were originally designed 25 years ago and cannot be further quieted or upgraded to meet the future threat. Seawolf restores the margin of submarine superiority we enjoyed in the 1960's and 1970's. Seawolf will be many times quieter than the improved 688. It will have improved combat systems, carry almost 40 percent more fire power, be deeper diving, more survivable, and have significant margin for improvements well into the future.

Mr. Chairman, it is no secret that we face a formidable challenge in executing a submarine acquisition program that will provide technological superiority, maintain a minimum yet sufficient force level, control cost, limit risk, and sustain a viable nuclear submarine industrial base.

IMPROVED 688'S REJECTED

We carefully evaluated a number of options, and we determined that the best, most cost-effective strategy for the near term is to continue procurement of the Seawolf at the reduced rates mandated by fiscal constraints.

The option of building more improved 688's was rejected for two reasons. First, it is not cost effective. Two improved 688's would cost more than one SSN–21, yet they would provide less overall capability. Second, the improved 688 does not provide the capability needed against the projected threat as we see it into the next century.

These conclusions were validated by Secretary Cheney's major warship review last summer. The reduction in the planned Seawolf-building rate makes it necessary, obviously, to seek new initiatives to assure that we can maintain an adequate submarine force level in the future.

NEW CLASS OF SSN

Recently, I directed the Chief of Naval Operations and Mr. Cann, the Assistant Secretary of the Navy for Research, Development and Acquisition, to begin studies for a new class of SSN. Three considerations led to my initiation of this effort.

First, it takes over 10 years to develop a new class of submarines, and these ships will be needed when the *Los Angeles*-class submarine retirements begin in the early part of the next decade.

Second, the extensive knowledge and expertise gained from the past 8 years of research and development for the Seawolf should be focused on developing the next class SSN before that design talent fades away.

Finally, we must redouble our efforts to the degree that we are able, economically, to apply this new technology.

The proposed new submarine will complement Seawolf in the multimission environment of the 21st century. In Seawolf we emphasized the anti-Soviet ASW mission. In this new submarine, we will emphasize other types of contingencies.

The Seawolf class, complemented by this advanced new submarine class, will allow us to maintain an adequate force level as we move past the year 2010.

IMPACT OF REDUCED SEAWOLF BUILDING RATE

There are other, more immediate concerns, that result from the dramatic reduction in the Seawolf building rate. As has been pointed out, unit costs have increased as shipyard and vendor overhead costs are spread over fewer units.

Our plan for future years submarine procurement has been reduced by approximately two-thirds over the past year. It is below the average building rate measured over the last 20 years. This reduction, together with inflation, has caused the predicted end costs of the fiscal year 1992 Seawolf to be approximately 13 percent higher than the fiscal year 1991 ship.

To minimize the risk, and control the cost associated with the technology development for the Seawolf and the BSY-2 combat system, we have implemented an extensive test program. This program is unprecedented both in its scope, and builds on the lessons we learned from earlier programs.

These risk reduction efforts are not affected by the slowdown in procurement. It is essential, Mr. Chairman, for the Seawolf and the BSY-2 research and development program to be fully funded in order to achieve these objectives.

FRAGILE VENDOR BASE

Reduced procurement has caused the vendor base supporting nuclear submarine shipbuilding to become very, very fragile. We are down to sole suppliers for many items, and many of these suppliers rely exclusively on the Navy for their orders.

Mr. Chairman, I strongly urge you to support this year's request for advanced procurement of Seawolf components in order to avoid further degradation of our nuclear component manufacturing base.

The acquisition strategy for the Seawolf affects both unit costs as well as industrial base. We have complied with your direction concerning the fiscal year 1991 Seawolf source selection. The bids from Electric Boat and Newport News Shipbuilding are currently being evaluated, and I submit that it would be premature to speculate on the outcome of that competition.

MINIMAL PROCUREMENT IMPLICATIONS

However, I would like to offer a few thoughts on the difficulties faced when the economics of minimal procurement rates compete with the need to preserve an industrial base. In the long run, one submarine per year cannot, in my opinion, sustain both of our submarine construction yards.

If we lose one of these submarine shipbuilders, it will undermine our ability to reconstitute forces if we are ever faced, or whenever we are faced with an unforeseen threat. I think the national security implications of such a loss are obviously grave to this Nation.

I believe we cannot discard the design and construction expertise of either submarine builder. The nuclear shipbuilding industrial base that is maintained during this period of reduced workload will be largely determined by competitive forces. Our acquisition decisions must continue to consider both total life cycle cost and the long-term health of the industrial base as we build and maintain the Navy that we need for our national security.

Mr. Chairman, I would like to submit a more detailed statement for the record. I am ready to respond to the subcommittee's questions.

Thank you very much, sir.

Senator INOUYE. Your full statement will be made part of the record, Mr. Secretary, and I thank you very much.

[The statement follows:]

STATEMENT OF SECRETARY H. LAWRENCE GARRETT III

Mr. Chairman, members of the Subcommittee, thank you for providing me this opportunity to report to you on the SSN 21 as you prepare to make important decisions on the Navy's shipbuilding programs.

As recent events make clear, this nation continues to play a key role in promoting stability in an unstable world. We have been called upon to project power into remote areas to maintain our national interests and those of our allies. And we need to maintain that capability. Geographic realities dictate that a crucial portion of our national military capability reside in robust naval forces, including a strong submarine force able to maintain sea control, provide strategic deterrence, project power into hostile areas, and deter any adversary.

The SSN 21 attack submarine is key to maintaining undersea superiority over our potential opponents. Although there have been clear changes in the military situation of the Soviet Union over the past year, one thing has not changed. The Soviet Union has the world's largest submarine force, and is continuing a determined effort to modernize that force. New Soviet submarine construction has continued unabated, and we expect new, capable classes of submarines to be introduced in this decade. Additionally, the proliferation of advanced technology weapons systems, air independent propulsion, and acoustic quieting to third world countries promises to increase the submarine threat to our battle groups in the future. Our attack submarines must be able to fulfill other missions than anti-submarine warfare (ASW), such as anti-surface warfare (ASUW), strike, mine warfare, and special warfare in the littoral areas where regional contingencies will occur. They must also continue to provide indication and warning in forward areas. With this in mind, it is vital that we produce submarines that can outperform the full range of threat now and into the next century.

The SSN 21 represents the technological edge that will allow us to do just that. It incorporates quantum improvements in firepower, sensors, and quieting, giving it the technological superiority we must guarantee to the submariners who may take it into harm's way. Our recent experience in the Persian Gulf dramatically illustrates that technologically superior weapons are a force multiplier, giving us far more leverage than a mere balance sheet of equipment would suggest. Given the continued Soviet submarine effort, we must continue building the SSN 21 class, offsetting the Soviet's quantitative advantage with our technical strength.

Implementing this strategy in a period of declining budgets is hard. These budgets have drastically reduced our proposed submarine procurements, pushing up unit costs. The FY 1991 President's Budget called for construction of twenty-eight submarines, twenty-one SSN 21s and seven Tridents, from 1991 through 1997. The current President's Budget calls for nine SSN 21s for the same period. This represents a sixty-seven percent reduction in the planned procurements, impacting unit costs and threatening our submarine industrial base.

As a result, the end cost of the SSN 21 contained in the President's budget is 2.01 billion dollars, compared to an end cost of 1.79 billion for the FY 1991 ship. The increase can be directly attributed to deletion of other submarine work from the budget, as well as inflation. With unit costs at this level, and procurement limited to a single submarine until FY 1996, we have to define a submarine acquisition strategy that will provide technological superiority, maintain a reasonable force level, control costs, limit risk, and sustain a viable nuclear submarine industrial base.

In the near term, we will maintain technological superiority by continuing procurement of the SSN 21 at the reduced rates mandated by fiscal constraints. It would be wrong to authorize construction of additional improved 688's in place of the SSN 21. While the improved 688 is a highly capable platform, it is not nearly as quiet or effective as the SSN 21, and would not guarantee the advantage we need into the next century. The SSN 21 restores the technological margin we have traditionally enjoyed over our potential adversaries, a margin that has eroded recently as the Soviet Union has concentrated its resources on improved submarines. By building the SSN 21, we will get a platform significantly more effective than the SSN 688, and solidify the many hardware and software advances made by the SSN 21 and AN/BSY-2 development programs over the last eight years.

While this near term strategy will maintain our technical supremacy, we face a long term problem of maintaining an adequate force of first line ships when the 688 class begins to be retired. As part of an overall effort to seek economies in all our ships and aircraft, I have recently directed the Chief of Naval Operations and the Assistant Secretary of the Navy for Research, Development, and Acquisition, to begin studies for a new submarine that would incorporate the technologies developed for SSN 21 and new technologies, in a smaller, less expensive platform as an option when the Los Angeles class submarines reach the end of their service lives after the year 2000. It takes over ten years to design and build a new submarine class; we are starting this effort now to ensure the new class will be available when needed, and to keep in place the design talent that has been assembled to support SSN 21. The proposed new submarine will complement SEAWOLF in the multi-mission environment of the twenty-first century. While the SEAWOLF design strongly emphasizes ASW capability against the very best projected Soviet submarines, this new submarine design will emphasize capability in other kinds of contingencies. Both of these first rate ships will allow us to maintain an adequate force level as we move past the year 2010.

Controlling costs and limiting risk go hand in hand. The SSN 21 and its AN/BSY-2 combat system have an extensive development and test program designed to limit risks that could translate into cost increases at a later point. This program is unprecedented in scope, and builds on the lessons we have learned from earlier programs. The SSN 21 effort has focused on translating technology to tested deliverables in areas including silencing, advanced submarine control, new auxiliaries, improved performance propulsion machinery, target strength reduction, a new propulsor, weapons handling and launch, and submarine survivability.

Key items developed under the SSN 21 program have been tested at sea on SSNs or SSBNs. These include special hull treatment, auxiliary equipment, and a prototype propulsor. Others have been or will be tested as full scale prototypes on land. The propulsor and hull form were tested using a large scale model at Lake Pend Oreille, Idaho. The results of this testing allowed an informed choice of several propulsor designs, reducing risk that the propulsor will meet its stringent noise goals. Testing is ongoing for Main Propulsion Unit prototypes, reactor coolant pumps, reactor plant valves, and steam generators. The test program has allowed us to identify deficiencies and correct them now without impacting ship delivery schedules.

The AN/BSY-2 program also has an extensive testing effort designed to minimize the risks of this ambitious development. Critical item tests of beamformer integrated circuit performance, wide aperture array performance and flow noise, outboard electronics modules, and display shock and vibration have been completed, and a program of other critical item tests is ongoing. Solid requirements definition, software development and exhaustive testing using MIL-STD-2167, strict control of ship interfaces, extensive use of commercially available software tools, and a strong independent verification and validation effort complement the testing to control risks in this program.

The test efforts for both SSN 21 and AN/BSY-2 are central to minimizing risk in these programs. The slowdown in SSN 21 procurement must not be mirrored in reductions in the SSN 21 and AN/BSY-2 RDT&E programs. These programs must be seen to completion as currently budgeted to support the completion of the lead SSN 21 with a minimum of risk. Reductions in these programs now would serve to increase the risks for the SSN 21, and raise the possibility of costly changes that would have to be made to SSN 21 late in construction or after at sea testing. Prudent total program risk reduction dictates that continuation of the RDT&E program is the most cost effective approach in the long term.

Although testing and management attention are key elements in controlling costs, we also need to look at the role that acquisition strategy will play in keeping costs down. We should strive to maintain competitive pressures on our shipbuilders as they downsize to adjust to reduced building rates. These pressures will work against uncontrolled cost increases at the shipbuilder. With our limited building rate, we must try to preserve critical design and production capabilities taking into account both the cost of individual contracts and the benefits that may be accrued by long term competitive pressures. Last year, this committee expressed concern that the procurement rate selected by the Major Warship Review could be inconsistent with plans to establish a second source for SSN 21. The committee report on Defense Appropriations directed the Navy to reassess its current strategy and adopt the most cost effective plan. THe report directed that the FY 1991 ship be competed.

The Navy has complied with the direction received from the Congress last year. On November 21, 1990, we issued a Request for Proposals (RFP) for the FY 1991 ship to both Electric Boat and Newport News Shipbuilding. The RFP contained a provision allowing for consideration of a mobilization base award to the second source if conditions comparable to those of the lead ship contract were met. Proposals were received from both shipbuilders on January 8, 1991. The source selection process is continuing, and it would be inappropriate for me to provide you details on this specific competition.

However, I would like to discuss some general considerations that will clearly play as the Department of Defense and the Congress try to reconcile a minimal procurement rate with preservation of the industrial base. We need to honestly face the fact that long term procurement of only one submarine per year will not sustain both submarine construction yards. We also need to face the fact that Soviet submarine construction continues unabated, and that recent developments in the Soviet Union make one wonder whether we may be headed back to an era of greater tension. In such circumstances, it is prudent to retain the capability to produce large numbers of submarines for as long as we can. I do not know how long this capability can be retained. In the end, fiscal pressures may require us to move to a single submarine builder, but I do not believe that we should prematurely dispense with the design and construction expertise of either submarine builder.

The reduced building rate also has a severe impact on the submarine vendor base that supports those yards. This vendor base has already shrunk significantly, with recent losses of manufacturers for nuclear fuel, reactor cores, nuclear pipe and fittings, and neutron detectors, as well as non-nuclear components. We must be careful not to let the remaining vendors slip away, since their expertise has taken decades to develop, and could only be replaced with great difficulty and at significant cost. This year's budget requests 375.5 million dollars for advanced procurement for SSN 21 components, including 331.7 million dollars for nuclear components. It is imperative that this funding be approved -- we are down to sole suppliers for many items, and many of these suppliers rely solely on the Navy for their orders. Last year's Appropriations Act deleted virtually all new contract work for our nuclear component manufacturers. I strongly urge you to support this year's request.

Competitive forces will be a major factor in adjusting the nuclear shipbuilding industrial base to match the reduced workload we currently project. We are taking both cost and the industrial base into consideration as we evaluate the FY 1991 SSN 21 procurement, and as we plan ahead. We will try to make the best choices consistent with the national interest.

In conclusion, Mr. Chairman, I would ask that you fully support the SSN 21 and AN/BSY-2 funding requested in the President's Budget. This funding supports efforts that will bring a vastly more capable submarine to the fleet in this decade, a submarine that must be produced to pace the threat. They are receiving management attention commensurate with their importance, and incorporate testing on an unprecedented scale to reduce risks. I will keep you informed as we proceed with efforts to define a new submarine concept. I ask your understanding as we try to deal flexibly with a submarine construction and vendor base that is under extreme stress, and thank you for providing me a forum to discuss these important topics.

SITUATION IN SOVIET UNION

Senator **Inouye**. All of America rejoiced when the wall came tumbling down, we applauded when the Warsaw Pact was dismantled, and we were extremely pleased with the program of glasnost and perestroika of Mr. Gorbachev, but now we find that Mr. Gorbachev is in deep trouble. His economy is in a shamble, and according to the media the CIA has predicted that Mr. Gorbachev will not last a year and that the military and the KGB will be assuming much greater influence in activities in the Soviet Union.

As you have indicated last year, the Soviets delivered 10 new submarines, the year before 9, [deleted] and we will be delivering 1. The Soviets are building a *Forrestal*-sized carrier. They have fully modernized the Pacific fleet. They have the largest submarine force.

I do not think the question before us is whether the Congress will support the Seawolf. I think it certainly will. The question before us is, How do we assure ourselves that we can maintain an industrial base, as you have said, if we have only one. It will have a terrible implication upon our national security.

NUMBER OF SUBMARINE SHIPYARDS

Your statement seems to indicate that in the long run there will be only one shipyard capable of producing submarines. Is my interpretation correct?

Mr. **Garrett**. Only if the rates continue at one a year, sir. That is my judgment if we were to continue building over the long term only one submarine a year. I am not particularly convinced at this juncture, Mr. Chairman, that that is going to be the case. I say that because in 1987, of course, we were anticipating building three a year.

Just over the last year we have reduced our planned buy from 28 submarines to 9. But that does not mean that somewhere in the future it will not go the other way. I obviously cannot predict with any degree of certainty. All I know at this juncture is that what we have in our future year defense plan is one submarine a year. If that, in fact, continues, then I think it is possible we could only sustain one yard.

Senator **Inouye**. What do you mean by the "long run," Mr. Secretary?

Mr. **Garrett**. Well, sir, as was pointed out in the previous testimony, right now there are, I think, 10 submarines backlogged at Newport News, in addition to the carrier work, and there are approximately 14 under contract at Electric Boat. I will be putting a program objectives memorandum together for the 1994 budget and I will probably be doing that very soon. We will look very carefully at where we are and where we think we should be going. The Secretary's major warship review, as you know, confirmed just a year ago that we should be building submarines at the rate of one and one-half a year, or three every 2 years. Unfortunately, between the time that the major warship review was completed and the time that we put our final budget together the Department's top line came down even further, forcing us to conform to those fiscal constraints.

Senator INOUYE. Well, according to the program submitted to us by DOD, there is only one submarine per year until fiscal year 1995.

Mr. GARRETT. Yes, sir; through the fiscal year defense plan, through the future year defense plan. That is where we are today.

Senator INOUYE. At that point would one go out of business?

Mr. GARRETT. I cannot say that one would go out of business at this point. I think Mr. Turner and Mr. Campbell are in a better position to answer that question. But clearly even as we proceed across the near years—in 1991, 1992, 1993—the level of employment is going to come down as they continue to deliver the ships that are presently under contract.

CONTRACT AWARD

Senator INOUYE. Mr. Secretary, you have the awesome responsibility of deciding on the award itself. Am I correct to assume that the award has not been made as we meet here this morning?

Mr. GARRETT. That is a correct assumption; yes, sir.

Senator INOUYE. In making this award, what will be your prime concern—price or the maintenance of industrial base?

Mr. GARRETT. Mr. Chairman, if I may, I would like to be somewhat circumspect. As I said, we are right in the middle of source selection. There are a number of factors that we will consider and, I would like to leave the answer at that point.

Senator INOUYE. Would you assure the subcommittee that your Department is complying with the congressional directive on competition?

Mr. GARRETT. We believe that we have thus far complied with the language that was in the 1991 bill; yes, sir. As you know, we put out requests for proposals. Both bidders have responded and we are in the process of evaluating those responses.

NEW DESIGN SUBMARINE

Senator INOUYE. Your statement suggests that you are planning a new design submarine which has been described by others on your staff as being smaller and less expensive than Seawolf. Is this a reversal of your plans of last year?

Mr. GARRETT. It is not a reversal, in my opinion, Mr. Chairman. It is recognition that we are here this morning meeting on an issue that we have been discussing for approximately 3 years. Certainly I have been addressing the possibility of the detrimental effect of declining budgets upon our industrial base. Three years ago we were looking at it as a problem in the future; today we are looking at it in more immediate terms. I think it is more fairly characterized as a recognition of reality as we look into the outyears, as was indicated at the outset of this morning's hearing. When you start reaching the unit cost that we have in this instance, primarily driven by the reduction in planned quantity buys, you reach the point—or at least I have—that I think we need to look at finding ways of more economically applying the technology that we are developing. And if it means that we have to produce—and in my view it does mean that we have produce a less costly platform, but one that is, to the degree that we are able to make it so, technologically equal to the threat.

Senator INOUYE. What stage are we now on this design?

Mr. GARRETT. We are in the very early stages. I have just tasked both the CNO and the Assistant Secretary to begin looking at that issue. As I testified, with the Seawolf, we are in about the 8th year of a 13-year development program, and we are well over halfway through.

As we start to look out into the future, we are really looking, as I said, to the years beyond 2005, 2010, and what this Nation will field to respond to the threat and maintain our technological edge.

HEARING UTILITY

Senator INOUYE. Being aware that you are in the midst of the process to decide upon the award, I will not ask you details, but does this meeting this morning assist you in reaching that conclusion?

Mr. GARRETT. Mr. Chairman, I think what this meeting does this morning in a generic way—and in that sense I think it is a helpful meeting—is it brings home the point of exactly where this Nation is as it relates to its ability to provide for its national security into the next century.

This is a very complex issue, as you know, as your staff knows, as both Mr. Turner and Mr. Campbell know, and it is one that has potentially monumental ramifications for this Nation the outyears. As I said last year when I testified, this is no longer a theoretical issue. The rubber has hit the road. We are in the position of making very, very difficult decisions as to this Nation's ability to provide for its national defense. And it is not just in the shipbuilding arena. So in that sense it is a helpful meeting.

Senator INOUYE. By the interest shown—and the attendance would so indicate—I am certain all of us here are waiting for the other shoe to fall. When can we expect a decision?

Mr. GARRETT. I hope soon, sir.

Senator INOUYE. A month from now?

Mr. GARRETT. It is very difficult for me to quantify, Mr. Chairman, but I hope soon. As I say, we are in the midst of our analysis. We are working in coordination with the Secretary of Defense's staff and if I were to give you a date, it would inevitably be wrong, so I would prefer to just leave it that way, if I may.

Senator INOUYE. Thank you very much, Mr. Secretary.

PANEL CALLED

May I now ask Mr. Turner and Mr. Campbell to come forward?

Mr. GARRETT. May I move to the left so they don't put me in a pincer movement?

Senator INOUYE. I think you should be the neutral party in the middle.

PRODUCTION RATES

I would like to have a clarification, Mr. Turner. Mr. Campbell indicated that one-half of a submarine per year or one submarine every other year is better than nothing. Would you make the same statement?

Mr. TURNER. Mr. Chairman, I would reassert an earlier point, that it takes an equivalent of one submarine per year for us to remain in business. I have no way of knowing the full basis from which the comment was made about one-half of a submarine, but I can speculate that it is one-half of a submarine in conjunction with other product lines and other business.

If that were the case with us, then certainly some smaller number would be appropriate, but since we are looking at that as the only viable product that we are aware of at this juncture, or an equivalent thereto, to fill our workload, then I would reiterate again that approximately one equivalent submarine per year is what it takes for us to have a critical mass to stay in business, to keep the technology base together. I suspect that Mr. Campbell's remarks were probably in conjunction with other work. I have no way of knowing that for sure.

SSN–688 PROGRAM

Senator INOUYE. Mr. Secretary, all have rejected the possibility of continuing the 688 program. I believe you so indicated yourself. You have also indicated that you wanted to maintain two submarine builders, and yet we have insufficient numbers to make this a viable possibility.

How do you propose to safeguard both yards, or are we now being told that in the long run this Nation will have one builder?

Mr. GARRETT. Again, I would say that with due deference to Mr. Campbell's statement and Mr. Turner's representations, I again emphasize the point that my position and my conclusion is predicated upon the fact that if we continue to build one submarine each year through this decade this will become a very much more difficult issue to resolve as it relates to maintaining two submarine builders.

It has been my position from the outset that I think it is in the national interest. To find ourselves in the position of making a decision to single up is one that, in my view, should be made only when it becomes absolutely necessary to do so. As I pointed out, and as was pointed out in the testimony of both the representatives of Newport News and EB, there is continuing work under contract for some period of time.

If, in fact, we continue at one ship for the next several years, I do not necessarily believe that that forces either EB out of business or Newport News out of the submarine business. Again, they know better than I as to when the hammer falls. But from my point of view as the Secretary of the Navy, it behooves me to ensure that whatever decision I make be in the best interest of the Department of the Navy, the people of this Nation, and certainly the taxpayers. And that is how I will proceed.

As I indicated in response to an earlier question, it is a very complex issue and multifaceted issue and a lot of concerns have to be addressed. I just do not think that we are today on the precipice of going to one submarine shipyard.

CARRIER VERSUS SUBMARINE CONSTRUCTION

Senator **Inouye**. Mr. Campbell, keeping in mind that according to the 5-year plan there is a carrier coming along in fiscal year 1995, is it still absolutely essential that this SSN–22 be awarded to Newport News?

Mr. **Campbell**. Sir, I do not think the two matters are related at all. The SSN–22 is a project unto itself, a program in itself. If we do not get the SSN–22, then, in effect, you are taking us out of the submarine business by that decision. The reason for that is that we will not be able to effectively compete on ship 3 and ship 4 because EB will be much further down the learning curve.

The carrier in 1995 would obviously help protect our workload, our backlog at that point. It would do nothing for us in the interim on the submarine program.

COST IMPACT FOR TWO SHIPYARDS

Senator **Inouye**. Some have suggested that if price were not an option the Navy could keep both yards operating within the one-submarine-per-year plan. Mr. Turner and Mr. Campbell, from your perspective what do you think the cost impact on future submarines would be if the Navy decided to ensure that both yards continued to build submarines?

Mr. **Turner**. Given a rate of one per year and to keep both yards in, it would be very difficult to project exactly where the cost of those ships would grow, but it would be enormous because you would be doubling up, in effect, the overhead portion. So you could be talking 25, 30 percent, and this is a range I am picking out just from background information, building blocks for estimating purposes that one would use.

So the concern that I have and continue to have is that to get cost out of a program you have got to have stability. A ship every other year does not put stability in a program. To keep the program alive and to get to more ships, which we all I think would find the most accommodating answer to this dilemma, can happen best, in my belief, if we are able to drive the cost of those ships down; that is, to control cost on the first ship, the second ship get it coming down a learning curve, and thereby make them more affordable for the taxpayers and the U.S. Navy.

The awarding of the first ship to Electric Boat and then the second one, which we are dealing with here today, if that were also awarded there it would, we believe, certainly be the most economical way to go forward and it would also keep all options open. It would keep the option open for only having the cost of putting one shipbuilder into business to begin with. It would also have the availability of continuing down the learning curve if the number of ships stayed small. It would also, I believe, still present the opportunity to bring on a second shipbuilder when and if we are able to show that we can control the cost of those ships, bring them down and become more affordable, and then the Navy can go out for higher procurement rates. Certainly at that time a second source could be brought on board.

But stability in a given shipbuilder is the only way, is an absolute ingredient that is required to bring the cost down. Without it, it is going to be a bumpy road.

Senator INOUYE. Mr. Campbell, do you have any comments?

Mr. CAMPBELL. Sir, I think the cost will go up. I do not think it will go up very much because I think the learning curve will offset the inflation, let us say. As we each go down the learning curve, maybe at different rates than the other, we should be able to take cost out of the unit as we build it.

We have designed it now the best that we know how, but you will always find when you put it into construction that there are ways to make it simpler, ways to fabricate easier, ways to cut cost. And I would think the ingenuity of both yards would make that happen.

Incidentally, as long as Mr. Turner brought up his opinion of what I had included in my one-half a ship per year, that I was counting on other work, I would like to correct that assumption of his and indicate I am saying on a stand-alone basis we would be able to get along on one-half submarine per year.

REDUCTIONS IN FORCE

Senator INOUYE. If Electric Boat got the award, Mr. Campbell, when will your reduction in force begin?

Mr. CAMPBELL. When would it begin, sir? If I do not get the SSN–22 award, I will start having to take people out at the rate of about 2,500 a year starting in 1992.

Senator INOUYE. Mr. Turner, if the SSN–22 is awarded to Newport News, when will your reduction in force begin?

Mr. TURNER. It will begin with some reductions in 1991, with further reductions in 1992—a total of about the same order of magnitude. We are talking about the same level of work, so the impact would be roughly the same.

Senator INOUYE. Senator D'Amato.

Senator D'AMATO. Thank you very much, Mr. Chairman.

Mr. Chairman, one area that I wanted to pursue with the Secretary is the decision to explore the new submarine that would incorporate the technologies developed in the SSN–21 and new technologies in a smaller, less expensive platform as an option when the *Los Angeles*-class submarine reaches the end of their service lives after the year 2000.

This initiative parallels a recommendation provided to me in a report that I requested of the CRS back in October 1989, authored by Ron O'Rourke. I agreed then with the logic of the high-low mix for submarines, for lack of a better term, and feel that time has only borne out the wisdom of such an approach.

So why not, Mr. Secretary, accelerate this process? The sooner we can boost the number of subs bought in any given year, the better for our shipyards. How quickly could we begin producing a high-low mix of attack subs if this was made an absolute priority?

Mr. GARRETT. That is a very difficult question to answer, obviously. I can only premise the answer on our historical record, that it is usually, as I stated in my testimony, about a 10 to 13-year development period to design and build the initial submarine. As I pointed out, with Seawolf we are presently building the first ship, and we are going into our ninth year of development. That ship will deliver in 1995. I am not sure, Senator D'Amato, that we could accelerate it any more than we already have. We will learn that over time. But it is a very difficult question to answer today.

SMALLER, LESS ESPENSIVE SUBMARINE

Senator D'AMATO. Then my next question was going to be what specifics, if any, can you share with us concerning the smaller, less expensive submarine that you are considering for the next decade?

Mr. GARRETT. I have no specifics today. It was just generated recently—in January. I asked them to go off and start putting together a program to answer that need.

Senator D'AMATO. Are you aware of O'Rourke's, CRS' recommendations as it relates to this?

Mr. GARRETT. I am not, sir.

Senator D'AMATO. Well, maybe, Mr. Chairman, we could provide you with some specifics of that. But really back in 1989 we raised this. They seemed to indicate that they felt that this would be a mix that would be cost effective, that would really do the job, and as it relates to full employment, while that is not the purpose of government, if we can achieve a level base of employment while providing the best techniques at the lowest cost with that high and low mix, it seems to me that this would be a perfect opportunity.

So, Mr. Secretary, you have always been very responsive, certainly to this Senator and, I think, to this subcommittee. I have a number of questions that deal with this in specific detail, and I am going to ask the chairman for latitude to submit these in writing to you. And if you could not respond to us, I would ask if at some point in time if you could not try to give us some more specifics, because I really do believe there is a window of opportunity and the time is now to begin to pursue this development.

Mr. GARRETT. Senator, first, I will familiarize myself with the report, and I would be happy to respond to whatever questions you have, and would be happy to provide you specifics as they become available.

Senator D'AMATO. Very good.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you. Mr. Secretary, Mr. Turner, Mr. Campbell, I thank all of you for joining us this morning.

What we have gone through this morning is a microcosm of what is happening throughout the defense industry. Ever since glasnost and perestroika and the dramatic changes in the Soviet Union and Eastern Europe, many in America have been crying for defense cuts. But I doubt if too many are aware of the consequences of that, and here we have just one small example of what may happen to Newport News and Electric Boat.

I wanted the people of the United States to know that there is a small price to pay, and I hope that the price to pay does not involve our national security. It is one thing to have the price be misery and grief and families; it is another to have the Nation placed in jeopardy.

So what we are discussing this day is very important to all of us. It will be our task to respond to these challenges in a prudent and creative manner, and so your candid views have been most helpful to us. They have been rather painful for us to hear them, to be told that in the long run we may end up with one producer. You have been good in your testimony, you have been candid, and for that we are most grateful and we thank you for your attendance.

ADDITIONAL PREPARED STATEMENTS

The committee has received statements from Gov. Bruce Sundlun and Senator Claiborne Pell of Rhode Island, expressing an interest in the Seawolf submarine program. Without objection, they will be inserted in the hearing record at this point.

[The statements follow:]

STATEMENT OF GOV. BRUCE SUNDLUN

Mr. Chairman and Members of the Subcommittee, I'm writing to urge your support for Electric Boat's bid to build the next SSN–21 Seawolf Fast Attack nuclear submarine. It is clearly in the country's national security and economic interest for this contract to be awarded to the Electric Boat division of General Dynamics.

As the Governor of the State of Rhode Island, I'm requesting that the Defense Department base its upcoming Seawolf contract decision be based on the principles of true competition, representing the best bargain for our financially burdened citizens.

A contract award to Newport News will result in a loss to the government of $335 million, according to a recent General Accounting Office study. Much of this loss would result from a failure to capitalize on the learning curve Electric Boat has gained from its experience constructing the first Seawolf. To insure that the country's taxpayers get their full return on the investment made so far, Electric Boat must be recognized as the low bidder and be authorized to build the second Seawolf.

I'm very proud of the state-of-the art Electric Boat manufacturing facility at Quonset Point, Rhode Island. Electric Boat has made a $185 million investment in establishing this facility. During this period, Electric Boat has become the country's leading expert in the modular construction technology demanded by the Seawolf design.

While the economic case for Electric Boat is compelling, there's an equally compelling national security argument to be made for Electric Boat. I concur with the many defense experts who believe that it is in our country's strong national security interest to have more than one shipyard capable of producing nuclear submarines. We have that situation now, thanks to the existence of both Electric Boat and the Newport News shipyard. But if Electric Boat does not get the upcoming Seawolf contract, there is a real chance it will go out of business before the end of this decade.

Failure to award the Seawolf contract to Electric Boat would also be economically devastating to southern New England. Without the activity generated by a second Seawolf contract, Electric Boat officials have informed me that up to 3,000 Rhode Islanders could lose their jobs within the next year and a half.

While we would be devastated here in Rhode Island by the loss of the Seawolf contract, there would be little negative impact on Newport News and the State of Virginia if the contract is awarded to Electric Boat. As you are well aware, Newport News currently has a major backlog of orders and a large portion of its shipbuilding activity in the surface ship category. Electric Boat's sole activity is constructing nuclear submarines, and the company has already had to lay-off a number of workers because of a slow down in its workload.

The decision before the Defense Department in the competition between Electric Boat and Newport News is very clear. The Newport News shipyard will continue to grow without the next Seawolf contract, but Electric Boat could die without it. By awarding the upcoming Seawolf contract to Electric Boat the Defense Department will be saving the taxpayers more than $300 million dollars and insuring a strong defense industrial base for the foreseeable future in the area of nuclear submarine construction.

In these times of shrinking defense budgets and expanding federal deficits, I urge you once again to advocate the soundest choice for the taxpayers and our national security an award of the upcoming Seawolf contract to the Electric Boat Division of General Dynamics.

STATEMENT OF SENATOR CLAIBORNE PELL

Mr. Chairman and Members of the Subcommittee, in considering the future of the Seawolf submarine program—and the broader question of the submarine industrial base—I urge that the subcommittee take special note of the unique national asset which exists in the facilities of the Electric Boat Division of General Dynamics, and of the critical importance of this facility to the economy of the state of Rhode Island.

At Quonset Point, R.I., Electric Boat operates an Automated Frame and Cylinder Manufacturing Facility which is the only one of its kind. This $287 million facility has the capability of fabricating sections of steel cylinders up to 42 feet in diameter which become the basic building blocks of a nuclear submarine hull.

The machinery used to mold these sections is not duplicated anywhere in the world, and the skills needed to weld and fabricate the sections result from the special training and experience needed to operate this unique facility.

The sectional construction process made possible by this facility has been developed in the Trident program and will be used to its fullest advantage in the Seawolf program. The process permits installation of prefabricated modules of machinery, piping and structural components into the open cylindrical sections before they are joined to form the submarine hull. Substantially improved productivity results since much complicated installation work does not have to be performed within the limited confines of the completed hull.

More than 4,000 Rhode Islanders work at this facility and the annual payroll is some $135 Million. Another 3,000 residents of our state cross into Connecticut each day to work at Electric Boat's Groton facility, where the cylindrical sections are joined into completed submarine hulls. So all told, Electric Boat employs over 7,000 Rhode Islanders, making it the largest private sector employer of Rhode Island workers.

I cannot emphasize too strongly the importance of Electric Boat to the Rhode Island economy, which as many of you may already know, is reeling under the effects of a regional recession and a state banking crisis. In addition to the total Electric Boat payroll of $248 million to Rhode Island workers at Quonset Point and Groton, Electric Boat does business with some 900 suppliers in the state and purchases goods and services amounting to $25 million annually. The Quonset Point facility generates state income taxes of $8.5 million and sales taxes of over $40 million. I am sure that you can appreciate that in a state as small as Rhode Island, such an enterprise is a giant presence indeed.

But I come back to the point that, in addition to these drastically important local considerations, there is a factor of urgency and importance for the national interest, and that is whether this unique manufacturing facility is to continue to operate or gradually fall into disuse. The loss of the next Seawolf contract, combined with fitful competition for minimal submarine production in the future will almost assuredly lead to the latter result. I urge the subcommittee to weigh these factors closely in contemplating the future course of submarine production for the Navy.

To my mind, the logic is inescapably in favor of keeping Electric Boat in business, and that means designating it as the Navy's sole source for the foreseeable future. I hope your deliberations will lead to the same conclusion.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will stand in recess until Thursday, March 21. At that time we will meet in classified session in S–407 to receive the testimony of the Director of Central Intelligence on the National Foreign Intelligence Program. Thank you very much.

[Whereupon, at 10:45 a.m., Tuesday, March 19, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, March 21.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

WEDNESDAY, MARCH 27, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Honolulu, HI.

The subcommittee met at 10:03 a.m., in Kyser Conference Center, Tripler Army Hospital, Honolulu, HI, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senator Inouye.

Also present: Senator Akaka, Representative Abercrombie, and Representative Mink.

DEPARTMENT OF DEFENSE

HEALTH CARE ISSUES

STATEMENT OF DR. ENRIQUE MENDEZ, ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. It is my great pleasure on behalf of the subcommittee to welcome my congressional colleagues, Senator Akaka, the Hon. Patsy Mink, and the Hon. Neil Abercrombie to this hearing. We are most pleased to have you here, and I hope that all of you can participate in the hearing.

It is always a pleasure to return to Hawaii and that pleasure is heightened by the opportunity to be here in the beautiful, renovated Tripler this morning.

I was thinking while we were attending the dedication ceremony what a long way Tripler has come in its distinguished history as the center for military medical care in the Pacific. Tripler was a state-of-the-art hospital when it was built in 1948 and it is again state-of-the-art after its now completed renovation. The over one-half a million people who are served by Tripler can take renewed pride in the facility that has served them so well for so long.

So once again, I offer my congratulations to all of you who have done your part in making Tripler not only an important part of the Honolulu community, but also the community of the Pacific basin.

As chairman of the Senate Subcommittee on Defense Appropriations, I preside over many hearings each year dealing with DOD's requests for funding for sophisticated weapons and sophisticated weapon systems. I often feel constrained to comment that no matter how technologically superior our weaponry and equipment may be, they are no better than the people who operate and maintain them.

The same can be said of a medical facility. No matter how modern the building and sophisticated the equipment, they are useless without superior health care professionals making the best use of them. I believe that Tripler is most fortunate to have one of the best staffs in the military medical system providing health care to its beneficiaries.

The recent conflict in the Persian Gulf has proven beyond a shadow of a doubt that our American military personnel are the best, the very best, in the world. We really should sit back in amazement at what was accomplished in the Persian Gulf. An all-volunteer military, a majority of whom have probably never been anywhere near the field of battle, engaged and decisively defeated the largest military power in Southwest Asia.

We in the Congress had long been told by top military and civilian leadership in the Pentagon that all our investments in recruiting high-caliber military personnel, in training, in research and development, and in procurement of sophisticated equipment were good investments in the future safety and welfare of our Nation. The Operations Desert Shield and Desert Storm proved them correct. So we have every reason to feel pride in and gratitude for the dedicated men and women who sacrificed much to deter aggression and brutality in the gulf.

During our annual hearing process, the one word that recurs more than any other from DOD witnesses is "readiness." I think the military tends to define readiness as the ability to deploy rapidly with adequate personnel and equipment in times of crisis. Most respectfully, I would like to extend that definition to include the health and welfare of our men and women in uniform and, most importantly, of their families and of military retirees and their families.

Because I believe so strongly that readiness demands this broader definition, our hearing this morning will address some of the issues of interest to the most important one-half of our readiness equation: people. We will be discussing programs and policies governing health care and family support programs and we will be hearing from a most distinguished group of specialists in these areas.

Although most of the news recently has been of personnel in the gulf, we must not forget those men and women who fought in other times and in other wars: our veterans. We all share a commitment to them, a commitment that I, for one, intend to honor.

So, before we begin our hearing, I would like to express a concern and to make a pledge. Within the next 4 to 5 years our Military Establishment will decrease in size by over 400,000 active duty military personnel between fiscal year 1990 and 1995. That is the present plan.

For the first time in our history, we will be telling members of an all-volunteer military that they may no longer serve. We may be releasing personnel from active duty who planned to make a career in the military. We will also be making reductions in civilian personnel who have been an integral part of the Military Establishment.

My deep concern is that such large reductions in such a short period of time will cause untold hardships and disruptions in the lives of dedicated people who have served our country well. That is my concern.

So my pledge is that I will do everything within my power as a Senator and as chairman of this subcommittee to make the reductions in military and civilian personnel occur in as orderly and painless a fashion as possible. I believe that it can be done and I pledge to assist in any way open to me to see that it is done.

INTRODUCTION OF WITNESSES

This morning we are extremely fortunate to have with us Dr. Enrique Mendez, the Assistant Secretary of Defense for Health Affairs. He is the civilian head of the medical family of the Defense Department. Dr. Mendez is the chief policymaker for all DOD health care programs, and in the year that he has served in his present position, he has begun making significant changes in the way health care is provided to DOD's beneficiary population. Dr. Mendez faces a very difficult task to continue to provide high-quality health care to military members, retirees, and their families, and at the same time provide this care in a cost-effective manner. The CHAMPUS portion alone, for example, will be $3.5 billion in fiscal year 1992 and the cost continues to grow each year. We will be interested in having Dr. Mendez's comments on how he proposes to contain costs without reducing health care benefits.

This, as some of you may be aware, is homecoming for Dr. Mendez. In the early 1960's he served here as a lieutenant. Believe it or not, at that time I gather his pay was less than $100 a month. He, that last time I knew him in uniform, was head of Walter Reed, and today he is head of the military medical family. He is no stranger to the medical family of the Department of Defense.

I would also like to call upon and welcome to the subcommittee a very dear friend, Maj. Gen. Girard Seitter, Commander of Tripler Army Medical Center. First of all, I would like to thank you for lending us this conference room for this hearing. May I also express my appreciation to you for all the help you provided this subcommittee and my staff in preparing for this hearing.

As all of you know, General Seitter has been a driving force in making Tripler one of the model teaching hospitals in the military medical system. Through his leadership and dedication, Tripler is at the forefront of military medicine, providing the highest quality health care not only to military members, retirees, their families, and veterans in the Honolulu area, but for a very, very large segment of the people living in the Pacific basin. We citizens of this State and this city consider ourselves most fortunate to have the "Pink Lady" and the people who work in the "Pink Lady" as our good neighbor.

General Seitter, welcome to the committee.

If I may call upon Secretary Mendez.

OPENING STATEMENT—DR. MENDEZ

Dr. MENDEZ. Thank you very much, Mr. Chairman. I am delighted that you invited me to come to Tripler today. The State just grows more beautiful every year that I come here.

The timing of the $100 a month, if I may correct something, was really during my internship. It was a civilian one. By the time I came to Tripler, the Army had already made me a captain. My assignment here was a very good and a very maturing experience in my career.

Time passes and we grow older. My youngest daughter is 30 years old. When we came to Tripler, she was 3 months old. I just reminisced about that as I went and saw my old house in Moanalua Gardens as I came up Tripler hill. So thank you again for giving me that opportunity. The older I get, the more prone I am to reminiscing.

During your hearings in Washington, I laid out for you the Department's accomplishment in Desert Storm, particularly for all three medical departments, and our plans to change some fundamental ways in which we do business in the military health services. And those plans are basically to create a more coordinated, a more responsive and, indeed, a more cost-effective program.

We have here at this medical center, at Tripler, a number of our most solid programs operating, serving to enhance Tripler's health care delivery and to act as a model for the rest of the system in the future. And that is important to all three services.

I want to first, however, take the opportunity which you have given me to introduce the basis of this projected system that we are talking about. We simply call the new system coordinated care. It could have other titles. It is a mode of managed care on a very broad basis for all of the Department of Defense.

As the military health services system stretched to respond to its first deployment under the all-volunteer military force, so, too, is our peacetime mission stretching to respond to its demands. I know that fulfillment of those demands are of tremendous concern to you.

Operation Desert Storm and the system's performance of its medical readiness have dominated our thoughts in the past months. But major efforts also continue on the part of the services' medical departments to improve the way that we provide peacetime medical care. Just as with Operation Desert Storm where the services have been involved in joint action to produce the necessary result, there has been extensive cooperation among myself and the three Surgeons General on the coordinated care program. We are working with the medical departments of the military services and the Department of Veterans Affairs, the Public Health Service, and the Coast Guard to come to grips with the military impact of spiraling costs of health care delivery in our country.

We have thoroughly reviewed the Department's initiatives and activities and sought to learn lessons from the civilian community also so that we can use those lessons learned that are applicable to our system.

The Department's aim is very clear in my mind; that is, to form a comprehensive, accountable, high-quality, and cost-effective health care delivery system. We mean to preserve the benefit and its fine quality while we institute changes to manage utilization of health care and to coordinate its supply. Experiences gained through the Department's several managed care demonstrations helped me in developing the coordinated care design.

I wish to make clear today that coordinated care will not be just a demonstration project. The military health services system needs basic fundamental change to adopt good business practices. That is one thing coordinated care will achieve over a 3-year period for a worldwide system of over 9 million beneficiaries.

The centerpiece—and this is an important philosophical thought in my judgment—the centerpiece of coordinated care is the local health care delivery system based on arrangements between military and civilian health care organizations. The thirst, the need, the trepidation that accompanies disease is felt by the patient locally, not in the headquarters but, indeed, locally. These coordinated care delivery systems will be locally managed with military hospital commanders responsible for the delivery, cost and quality of health services provided to enrolled beneficiaries in their area. That word "enrolled" is a new word in military health care.

The coordinated care program will have local accountability with centralized monitoring at the military service level and, of course, at OSD. The key component is improved dedication of beneficiaries and health service providers. Other systemwide innovations will support and complement the local health care delivery system.

Changes will include reforms of CHAMPUS provider payment methodologies, the establishment of specialized treatment facilities to provide high-cost health care services in the most cost-effective manner in-house. A new approach is to contract for health care services. The establishment of participative agreements with civilian providers to accept CHAMPUS assignments and improvements in the efficiency and accuracy of centralized claims processing systems will enhance the services to beneficiaries.

COORDINATED CARE

There are five major principles, sir, that I would like to share with you which guide the coordinated care design. First of all is enrollment; namely, to ensure that enrolled beneficiaries have easy access to care, that the program is understandable to people, and that it provides high-quality, cost-effective service. Second, it is to be based on the concept that health care is a personal service; that it is always delivered or referred locally and that the patient feels it that way. And, consequently, that local military commanders must have the flexibility to make decisions about the delivery of that care if they are, indeed, held to be responsible for it. There must be local accountability within that decisionmaking, shifts of dollars and what have you, for the cost, the quality, and the access with centralized monitoring.

I have planned a system to achieve equity among beneficiaries by eliminating, to the degree possible, geographical differences in access, quality, costs, and benefits. I wish for this system to be flexible enough for local managers to have the latitude to make management decisions about the delivery of health care services in local coordinated care systems, and hopefully, it will be easy to administer. I realize this is a tall order and it comprises a whole host of other things that go on at the same time.

You spoke a moment ago about veterans and their needs. And, indeed, I subscribe to that also, sir. As I have mentioned in earlier testimony, VA/DOD sharing will continue and, in fact, be integral to coordinated care programs that emphasize the provision of the most cost-effective care.

Opportunities for sharing resources between these two agencies and, therefore, saving Federal dollars, appear to be significant. The VA and DOD have wholeheartedly endorsed this concept of sharing. Over 150 VA facilities have operating agreements with a like number of military medical facilities and other military commands. There are also about 180 Reserve component units involved in sharing agreements during fiscal year 1990. All veterans medical centers within 50 miles of a military facility have sharing agreements with DOD. In fiscal year 1990 there were an estimated 3,000 services that were shared. These include such things as major medical and surgical services, laundry, laboratory services, and uncommon clinical services.

And as you know now, Mr. Chairman, the law will allow the use of CHAMPUS money to reimburse VA medical centers for services provided to CHAMPUS beneficiaries. Significant interagency effort and coordination is occurring right now between the VA and DOD in analyzing the administrative, problematic, and fiscal issues that are involved in that. So there has also been interagency coordination identifying issues and exploring a mutually acceptable methodology under which the agencies might enter into an agreement.

A major area of VA/DOD sharing is joint venture construction. I recently traveled to Albuquerque, NM, together with Dr. Jim Holsinger, who is the Chief Medical Director of the VA. We did that for two reasons: First, to learn of this venture first hand, and second, as a very visible sign from the two agencies' chief doctors that participate in the running of the joint venture program, of our seriousness in terms of VA/DOD sharing.

Here at Tripler the Department of Defense has offered and the Department of Veterans Affairs is looking at the hospital's vacant E wing, in addition to a 12-acre parcel of land. I am sure that Dr. Seitter will talk more about that when he testifies. I view this agreement, however, as a model of how to produce savings through shared resources and I continue to encourage such agreements throughout the entire military health services system.

The emphasis on local administration and program flexibility will also be built in the VA/DOD sharing programs. When we have that in combination with centralized monitoring and tracking, then local accountability with centralized monitoring will occur in those relationships as well. I am sure that sharing between VA and DOD will become an even more significant element in the comprehensive array of care available to DOD beneficiaries. Fiscal responsibility demands that and, indeed, we are very seriously pursuing that.

CHAMPUS AT TRIPLER

One program which has been quite important at Tripler and from which we are deriving a great deal of lessons learned is the

CHAMPUS reform initiative, or the CRI, and I wanted to take a moment to go over that with you.

The CHAMPUS reform initiative, or CRI, has been a program of high visibility. It appears to be controlling CHAMPUS costs both for the Government and for military families. The CRI has balanced cost containment with improved access and high-quality care and is improving our military treatment facilities' ability to meet their vital missions. I have met with the hospital commanders both from the Hawaii area and the California area and I think they feel exactly that way to a man. According to the preliminary Rand analysis, total CHAMPUS cost in the CRI areas increased by 2 percent in the 1987–89 timeframe, while CHAMPUS cost in the other 48 States increased by about 16 percent. It is the Department's assessment that the CRI contractor is, indeed, meeting, and in some instances exceeding, the requirements of the contract.

The current contract is scheduled to end January 31, 1993. Of course, the Department has begun planning for procurement of a version of a managed care initiative which is in consonance with coordinated care. The Department plans to have the request for proposal available for prospective offerors within the next 6 months.

I decided, sir, not to exercise an option to expand the CRI to Arizona, Nevada, and New Mexico during the current contract. I simply want to explain to you the reason for that. This decision was consistent with the Department's commitment to expand the CRI when it will avoid health care costs for the Government and our military families. Our decision not to extend CRI at this point was based on the determination that after the exclusion of populations in the Phoenix, AZ, area and the Albuquerque, NM, area because of the Air Force demonstration projects there, inadequate time and numbers of beneficiaries remain under the current contract to implement and recover the cost of expansion between now and the beginning of 1993.

The decision, however, I want to make clear, in no way reflects either a lack of confidence in the thrust of the CRI on its cost avoidance potential or in the CRI contractor. It is based on the economics of a specific marketplace during a specified period of time.

COMPOSITE HEALTH CARE SYSTEM

I would like to make a comment also about another program that is important in this medical center, and that is the composite health care system, or CHCS. The composite health care system is designed to provide an integrated medical information system for unified, automated patient information in military hospitals. The importance of it is that it is also based on the provider. And CHCS will provide essential support for our coordinated care program. We are now in the process of determining the total value of that program to us in its present design. Tripler is the only CHCS site that integrates Army, Navy, Air Force, and Coast Guard facilities, making military medicine in the whole island into one integrated data processing and information-sharing medical system.

Integrated information management systems such as CHCS will enhance decision making at the local level which is where I wish to enhance it. In my judgment, we need to tailor CHCS for specific facilities and we are conducting a detailed assessment of our military treatment facilities focused on short-term automation needs. The overall strategy is to deploy the integrated modular CHCS to include patient administration, appointment scheduling, laboratory, pharmacy, and x ray to all sites. In a second wave of implementation, our larger sites will be expanded to full function, and in some of our smaller facilities, in my judgment, the matter of modular portions may suffice. We will come to you with the information required and the justification necessary as part of the certification process after our survey is complete and the areas identified for which we feel there may be critical shortfalls.

Therefore, sir, over this past year we have created the environment for coordinated care. There are corollaries which are not only important now but will increase in importance in American medicine. I wish to address a couple of those, if I may, and one of them, indeed, is quality assurance. I believe it will remain an essential element to the military health services system under the coordinated care program. The Department has been actively involved in structuring medical quality assurance and risk management since about 1982. These programs emphasize a positive, nonpunitive philosophy that fosters the value of professionalism.

QUALITY IMPROVEMENT

Successful impact of programs for continuing quality improvement have received unprecedented validation very recently from external sources. One is the Joint Commission on Accreditation of Health Care Organizations. We had them review us. As part of this review, 117 DOD hospitals were surveyed with the mean score being 84.4. This is higher than the 77.2 mean score for non-DOD facilities and serves as further objective documentation of success of our efforts and, indeed, adds incentives to continue what I feel strongly should be our work in quality assurance.

The joint commission findings were further substantiated again this past year by the results reported by the DOD Civilian External Peer Review Program. Our ongoing goal, to eliminate or minimize untoward or preventable occurrences, has been strengthened by this program which has provided hard data to help us identify opportunities for improvement.

When I look back on our recent progress made in quality assurance, I am struck that one of the major benefits to come out of those efforts is the development of an information resource from individual case review and retrospective quality verification, providing a mechanism that is supportive of quality assurance and health services improvement. Civilian peer review provides the Department a totally independent assessment of its inpatient health care, verifying that DOD health care practices meet or exceed desired outcomes.

Further, our lessons learned have given us educational tools not only for the military facility but also for the entire national medical community in development of national health care policy. In our pursuit of quality, we continue to identify and pursue opportunities for improved care, and our coordinated care program will support resource acquisition, allocation, and utilization decisions that are designed to enhance that quality.

HEALTH PROMOTION

Finally, a word about health promotion. The thrust of health promotion is of significant concern. It is of significant concern nationally and it is for us also. I am sincerely committed to goal-oriented health promotion and disease prevention.

The Department launched an initial health promotion program in 1986, sir, with the issuance of a directive to enhance the quality of life of DOD personnel and other beneficiaries. At that time, the program focused primarily on six key areas: smoking prevention and cessation, physical fitness, nutrition, stress management, alcohol and drug abuse prevention, and early identification of hypertension. To date the Department has, indeed, made progress in these health promotion efforts. Each of the services has implemented physical fitness programs, to ensure that nutrition-related programs have resulted in reductions of saturated fat in the standard ration to 36 percent, and also most DOD food services facilities display nutritional information.

But the goal of health promotion is the prevention of the avoidable occurrence of illness and injury. And health promotion programs need to demonstrate the actual ability to reduce the burden of disease.

This year we will enter a new phase in our health promotion effort. The basic philosophy of it is most important to understand. We will implement a measurable, scientifically based program which views health promotion as the systematic diagnosis and treatment of the health status and health needs of specific populations within our overall community. This approach views the course of an illness as passing from wellness to disability through a series of phases.

The onset of disease is caused by the exposure of a healthy person in the susceptible phase to one of several risk factors for that disease. The individual will then pass through preclinical, clinical, and eventually—possibly—disability phases. Transition between phases is marked by the development of symptoms and the diagnosis of an illness. Within this framework of the spectrum of illness, then, the task of health promotion, in my judgment, is the reduction of the impact of disease and injury on the population by eliminating an individual's exposure to the risk factors that may be present in conjunction with the development of his illness.

The scientific diagnosis and treatment of the DOD community will begin, and must begin, with epidemiologic studies of the incidence of illness within that community. DOD's health promotion initiatives will then expand from a concentration on a few diseases to programs that are directed toward the most detrimental population-specific risk factors. We will target our effort at those illnesses which pose the greatest reduction in productivity and place the largest demands on our available resources.

Mr. Chairman, this concludes my remarks this morning. I realize that they have been a little longer than I usually make them, and at the same time I felt it was important to take this substrate base, which is philosophical in nature, and to translate that into a policy determinant for your panel, sir.

I think that we share a common purpose in improving the overall military health services system and utilizing Tripler as a flagship, as a means to effectuate that change. I have appreciated your insight. I have appreciated your support.

If you will allow me, sir, I want to take a moment also to indicate a special thanks to a member of your staff, Ms. McMullan, who is here with you today. As I am sure you know, she serves you and the military health services system well also.

I will be pleased, sir, to answer any of your questions as the hearing progresses. Thank you very much.

Senator INOUYE. Thank you very much, Mr. Secretary.

Now I would like to call the Commander of the flagship of the U.S. Army Health Services Command, Major General Seitter.

STATEMENT OF MAJ. GEN. GIRARD SEITTER III, COMMANDER, TRIPLER ARMY MEDICAL CENTER

INTRODUCTION

General SEITTER. Mr. Chairman, thank you for your very kind opening remarks. I am Maj. Gen. Girard Seitter III, Commander of Tripler Army Medical Center and surgeon, U.S. Army, Pacific, Honolulu, HI. It is, indeed, an honor to again appear before you and I thank you for this opportunity. I am especially honored that you selected Tripler as the site to conduct your hearings.

This morning we held a most significant dedication ceremony at Tripler, one which marked the conclusion of an extensive, comprehensive, 10-year construction and renovation program. We now have the most modern treatment facility in the Army Medical Department. It is filled with the latest sophisticated technology and is staffed by competent and caring providers. We express our deepest appreciation to you for your long and devoted support in making this happen.

AMEDD MISSION

Today, sir, I wish to discuss in a brief and very summarized fashion the mission of the Army Medical Department, improving medical readiness in the Pacific, the impact of Operation Desert Storm as it affected one medical center—that is, Tripler—some exciting developments in our graduate medical education programs, and the status of several ongoing health care initiatives at Tripler.

Mr. Chairman, the mission of the Army Medical Department is to take care of the soldier and his or her immediate family in peace and war. I caveat the word "soldier" because I wish you to take that as the generic use of the word. We take care of all military personnel: soldiers, sailors, our Coast Guardsmen, our veterans, and all of our military beneficiary families. So when I use the word "soldier," I use that in the most generic sense.

Our mission is a single mission with two complementary, not conflicting, parts. It is our task to balance these parts, recognizing the importance of each and applying our limited resources to that appropriately.

Mr. Chairman, never has this been more vividly expressed than on August 11, 1990, when General Carl Vuono, Chief of Staff of the Army, issued direct guidance to our Surgeon General to immediately fill all deploying combat units with appropriate medical personnel and at the same time to maintain or improve medical support for the families of those deploying and for the entire mobilization base that did not deploy.

Tripler staff trains for its wartime roles through the work we do every day in providing care, teaching, and research. Our focus on the patient, regardless of category or branch of service, provides us the opportunity to maintain the appropriate balance between both parts of our mission. The skills we exercise every day in planning, coordinating, and providing care in a multiservice setting is an excellent example of how we maintain our readiness for all aspects of that mission.

READINESS STATUS

Army medical readiness has improved dramatically during the last 2 years. The Pacific was no exception. The acquisition and use of deployable medical system hospital sets, an increasing role in humanitarian assistance and other civil actions throughout the Pacific through the Expanded Relations Program, our interaction with Reserve units and our development of trained teams of medical personnel ready to deploy in support of all contingency operations have contributed significantly to improved readiness in this theater.

Thirty of Tripler's medical personnel are identified to augment the 25th Infantry Division under the professional officer filler system, the PROFIS system. These personnel periodically undergo rigorous training with the division which includes field and predeployment exercises. More than 80 additional staff members were added to this program in support of Operation Desert Storm and approximately 75 percent, or 62, of those people were, in fact, deployed.

Operation Desert Storm provided a very real test of our ability to accomplish both parts of the single Army Medical Department mission. Although the overall impact upon Tripler was not as severe as at some other medical centers, and I think of Bethesda Naval Medical Center, and Walter Reed Army Medical Center in particular, as well as other medical centers in the continental United States, specialties, such as general surgery, orthopedics, anesthesia, and operating room nurse personnel were particularly affected. Maintaining the care level for our remaining population was our greatest challenge. Initially, this was accomplished by extending already taxed working hours. In some areas, however, the loss of large numbers of specialists caused some reduction in services. The arrival of reservists and retired, recalled personnel enabled us to regain and maintain predeployment care in nearly all services.

Sir, additionally, there was a large outpouring of offers for assistance from the local civilian medical community for which we are most grateful and for which you can be very, very proud. Every major hospital in Hawaii called either directly or wrote or indicated their wish to help us. I, for the record, wish to extend my gratitude to those local civilian hospitals and say thank you to all of those who participated. I think that was just a microcosm, Senator, of the outpouring of support throughout our country.

TRIPLER'S ROLE IN ODS

During Operation Desert Storm, Tripler staff provided care for our forces in the gulf while continuing to provide care for the families at home. Again, that is the single AMEDD mission in action. And I pause parenthetically to read a letter to you which I think very tangibly describes exactly the point that I am making.

Sir, this letter was sent from the Saudi desert in mid-December 1990, and in part I quote:

> I am a Navy chief dental technician currently serving the fleet Marine force here in Saudi. It was hard for me to deploy because of the asthma problems of my son Mark and daughter Krystle. I am worried sick about them since I left back in September. During the night of November 19, 1990, my daughter Krystle was admitted to your pediatric intensive care service for asthma. My wife, Estela, told me everything about the care and professionalism of your pediatric staff, how they took care of my baby for 4 straight days. My daughter is back home now, well and giggling. Your pediatric staff needs to be commended for a job well done. I do really appreciate it. My million thanks to all of them. People like them make me proud to be an American serving our country here in Saudi. I am not worried about my family because I know they are well and I know they are taken care of. Again, thanks a lot.

End quote.

So I read that letter not to extol the successes of Tripler, but to present you evidence that the medical support provided here at Tripler and, indeed, all of our DOD medical facilities, to our deployed, deploying, active duty, retired, our veterans, is, in fact, a combat multiplier. That medical technician was a better technician because he knew his family was taken care of and the Marines that he, in turn, took care of were better able to do their jobs because of the service that was provided by that medical technician in the field. I truly believe, sir, that medical care is a combat multiplier.

GRADUATE MEDICAL EDUCATION AT TRIPLER

Mr. Chairman, as in previous testimony, I would reiterate that graduate medical education is the heart of medical center operations and, indeed, of any of our medical departments, developing the new ideas and trained people upon which the entire medical system depends for growth. These programs also play a major role in the recruitment and retention of physicians and other health care professionals. And, sir, I have provided data upon those issues of recruitment and retention in the past.

Tripler's training programs remain strong and productive and will grow as our new Family Practice Residency Program and Clinical Psychology Intern Program develop during the next few years. We have begun to assess the feasibility of consolidating all postdoctoral psychology training programs at Tripler and are planning a renovation of our medical library and adjoining unfinished space. We have also developed a proposal for establishing a center of excellence here at Tripler.

Tripler enjoys its position as an innovative, creative medical center involved in several major health care initiatives, some of which Dr. Mendez has mentioned. Many of these have important implications for military health care in the future and I would like to briefly discuss a few of these initiatives.

The first, and I think the most significant and the most well known, is the joint venture being developed with the Department of Veterans Affairs which will permit a greater sharing of staff and services between the two agencies and promises increased efficiencies and enhanced patient care for all of our beneficiaries. A concept of operations has been jointly developed and signed. Our local staffs are working faithfully on design and space issues. And active discussions are taking place for establishing a more formal VA presence within Tripler. Much has been accomplished since the field hearings of Senator Akaka in August.

Mr. Chairman, I know this is a topic of major importance to you and Senator Akaka and to our other representatives as well, indeed, to the Department of Defense and the Department of Veterans Affairs. I will be happy to provide specific details of our progress later in the hearing.

Tripler's role as the medical center test site for the composite health care system [CHCS], places us on the leading edge of health care information management. This integrated system is bringing enhanced capabilities to efficiently and effectively coordinate care throughout the island as it includes all medical clinics of our military services and the Coast Guard and Veterans Administration.

COORDINATED CARE

Moving on, sir, on to the AMEDD gateway to care concept, Tripler, together with all the U.S. Army Health Services Command hospitals, has established a separately staffed and resourced branch whose sole mission is to accomplish what Dr. Mendez has described as coordinated care; that is, a unified, comprehensive health care system which emphasizes quality while minimizing costs.

Locally we are aggressively pursuing those opportunities to reduce CHAMPUS costs through our work with the CHAMPUS reform initiative, and again, Dr. Mendez gave you, I believe, some very significant, specific details of cost avoidance as we progress through the CHAMPUS reform initiative here in Hawaii.

The program to fund travel for Pacific basin patients to Tripler and to waive the charges for that care is proving a great success. The demonstration project studying the relationship between ancillary support personnel and nursing productivity is also showing impressive results. We continue to pursue our facility and equipment modernization efforts and, sir, on these last three issues, again we express our gratitude to you. They are initiatives which only through your help, and your confidence in us to provide a very real and valid test, have allowed us to take on these three programs.

Finally, our uncompromising continued commitment to quality can be seen in the results of our recent inspection by the Joint Commission on Accreditation of Health Care Organizations. Their final report granted us a full 3-year accreditation and recognized Tripler as being within the top 13 percent of all hospitals surveyed nationwide.

And I say, Mr. Chairman, parenthetically, I recall that one of the driving factors of your concerns about Tripler 10 years ago, was in fact the joint accreditation team looking at Tripler and, perhaps because of our physical plant, having a potential disaccreditation. I am happy to tell you now that we are in the top 13 percent of all hospitals surveyed within the United States.

Tripler Army Medical Center is proud of its accomplishments over the past year and remains committed to excellence in the provision of care for all beneficiaries. We will continue to further both the peacetime and readiness portions of our mission as we focus our efforts upon taking care of patients every day. We stand confidently with the rest of the Army and, indeed, with all DOD medical services in meeting our future challenges. With your continued assistance and support, we truly will succeed.

Mr. Chairman, this concludes my prepared statement. I do have a statement of more detail for the record which I have submitted.

Sir, I will be happy to answer any of your questions.

[The statement follows:]

STATEMENT OF MAJ. GEN. GIRARD SEITTER III

Mr. Chairman and members of the committee, I am Major General Girard Seitter, III, Commander of Tripler Army Medical Center, and Surgeon, U.S. Army Pacific Command, Honolulu, Hawaii. It is an honor to again appear before you and I thank you for this opportunity. It is a special honor that you selected Tripler to conduct these hearings.

This morning we held a most significant dedication ceremony at Tripler; one which marked the conclusion of an extensive, comprehensive ten-year construction and renovation program. We now have the most modern treatment facility in the Army Medical Department, filled with the latest sophisticated technology, and staffed by competent and caring providers. We express our deepest appreciation for your long and devoted support in making this happen.

This event marked not only an ending, but more importantly a beginning; an opportunity to reflect upon what has been done and the exciting future that lies before us. We have also chosen this time to re-dedicate ourselves to excellence in the care we provide our patients. Tripler, from its beginning 84 years ago as the Department Hospital, Territory of Hawaii has proudly provided the highest quality care for our patients. Originally designed to care for soldiers only, we now include all soldiers, sailors, marines, airmen, coast guardsmen, their families, retirees, and veterans in the population we serve, as was symbolically demonstrated at this morning's ceremony. During these turbulent times it is our goal to remain a strong and stable source of care for our many beneficiaries throughout the Pacific.

Today I will discuss the mission of the Army Medical Department (AMEDD), improving medical readiness in the Pacific, the impact of Operation Desert Storm at Tripler, some exciting developments in our Graduate Medical Education (GME) programs, and the status of several ongoing health care initiatives at Tripler.

MISSION OF THE AMEDD

The mission of the Army Medical Department (AMEDD) is to take care of the soldier and his or her immediate family in peace and war. This is a single mission with two complementary parts. It is our task to balance these parts, recognizing the importance of each, and apply our limited resources appropriately. We are constantly improving in this, particularly as we are able to incorporate the special requirements of each in our focus on the patient. Perhaps no where is this blending more apparent than at Army medical centers, and this is particularly true at Tripler, where a large portion of our care is directed to the active duty servicemembers of all military services.

Tripler's staff trains for its wartime role through the work it does everyday in providing care, teaching, and research. Additionally we actively participate in specific training opportunities such as competing for the coveted Expert Field Medical Badge, attending the Chemical Casualty Management Course (sponsored and conducted at Tripler), and attendance at the Combat Casualty Care Course (C4). Training and deployment with Tripler's Emergency Medical Team (which provides support to the US Chemical Activity, Johnston Island, and rapid medical support to disaster stricken areas throughout the Mid-Pacific Medical Region) and participation in humanitarian assistance and other civil action missions as part of Pacific Command's Expanded Relations Program further develop our staff's wartime skills.

Thirty of Tripler's medical personnel are identified to augment the 25th Infantry Division (Light) under the Professional Officer Filler System (PROFIS). These personnel regularly undergo rigorous training with the Division, to include field and pre-deployment exercises. More than 80 additional officers were added to this program in support of Operation Desert Shield/Storm, and approximately 75 percent of those deployed.

Tripler's noncommissioned officers participate in special readiness training programs in addition to their daily patient care duties. Attendance at leadership development courses and ongoing military occupational specialty training is required and enthusiastically accomplished. Tripler also makes input to many operational and contingency plans of Pacific Command component commanders, and our unique position in the local health care structure permits us to exercise our tri-service coordination and support requirements daily. The relationships, skills, and knowledge developed during this process are directly related to our wartime role in the theater.

Our focus on the patient, regardless of category or branch of service, provides us the opportunity to maintain an appropriate balance between the complementary wartime and peacetime functions of the single AMEDD mission. The skills we practice everyday in planning, coordinating, and providing care for our patients, blended with specific readiness training and enhanced by our teaching and research missions, provide an excellent example of how AMEDD medical centers, Tripler in particular, maintain readiness for all aspects of the required mission. Later I will discuss how our institution supports both missions simultaneously, as was the case during Operation Desert Storm.

PACIFIC MEDICAL READINESS

Medical Force 2000 (MF2K) is the AMEDD's new support concept and modernization effort. Medical readiness in the Pacific is being enhanced under this program by replacing older field hospital sets stored in Japan with Deployable Medical System (DEPMEDS) equipment; preparing the hospital complex at Sagami, Japan as a "warm base" facility, ready to be rapidly operational when needed; and working to establish a primary equipment mobilization site in Hawaii to store DEPMEDS equipment for units selected to deploy to the Pacific.

As I mentioned earlier, Tripler contributes medical personnel to Pacific Command's main peacetime strategy, the Expanded Relations Program (ERP) These nation building efforts pay great dividends for the United States, and often military medical personnel lead the way in establishing and strengthening working relationships in countries throughout the Pacific region.

Reserve units regularly conduct their active duty training at Tripler. Additionally, the Tripler U.S. Army Reserve Hospital (TUHA) provides direct augmentation to Tripler upon mobilization. Locally recruited, this 165 member unit regularly trains with the Tripler staff. Recent world events have clearly demonstrated how critical it is to have reserve medical units which are not only well-trained but also familiar with their mobilization site.

On a larger basis, as USARPAC Surgeon I direct a group of senior AMEDD leaders in determining the optimum organizational structure, geographic locations, and command relations for AMEDD units in the Pacific theater under the AMEDD Pacific Vision Project. A major current initiative of this is the reorganization of USARPAC, specifically the assumption of U.S. Army Japan (USARJ) and the 6th Infantry Division (Light), including their medical assets, into the command.

IMPACT OF OPERATION DESERT STORM

Operation Desert Storm provided a real test of our ability to accomplish both parts of the single AMEDD mission. Although the overall impact at Tripler was not too severe, specialities such as general surgeons, orthopedic surgeons, anesthetists and operating room nurses were particularly affected. Continuing to meet the health care needs of our patients while supporting Operation Desert Storm did challenge our readiness plans and skills.

The requirements placed on us could be categorized into three broad areas: the needs of our deploying staff, the needs of the family members left behind (both of our staff and other servicemembers), and the health care needs of our remaining population.

The first Tripler staff members were deployed 18 August 1991. By February sixty more had left, with nearly twenty more alerted for movement. Each was thoroughly briefed before leaving. An extensive checklist was developed and assistance was provided in meeting all requirements of our deploying members as they outprocessed from Tripler. I personally wrote each deployed Tripler servicemember expressing the appreciation of our staff and our nation, and pledged the full support of the medical center for family members left behind.

Seminars were developed for family members at which they met representatives from all the Tripler and Army Community Services support facilities available to them. Extensive handouts, including lists of important phone numbers, were provided. A single, full-time point of contact was provided by our Personnel Division to manage all Desert Storm personnel actions, whether needed by the soldier, the family member, or the incoming reservist. Our Department of Psychiatry developed a support group which continues to meet each Thursday to provide comfort and assistance. For marines deployed from Kaneohe Marine Corps Air Station, Tripler stationed an OB/GYN physician full-time at their base medical clinic so that family members would not have to travel to Tripler for this care.

Maintaining the care level for our remaining population was our greatest challenge. Initially this was accomplished by extending already long working hours. In some areas, however, the loss of a large number of specialists caused some reduction in services. For instance, we initially curtailed surgery from twelve operating rooms to eight because of the loss of surgeons and operating room personnel. We made extensive use of the media and briefings to keep our patients informed on potential and actual changes in our status. The first reservist arrived 14 September 1991, and since then over twenty reservists and recalled retirees backfilled vacancies at Tripler. These medical personnel enabled us to regain and maintain pre-deployment care levels in nearly all services. Additionally, there was a large outpouring of offers of assistance from the local civilian medical community, for which we are most grateful. Finally, the CHAMPUS Reform Initiative, as managed by the Queen's Health Care Plan, increased its efforts to provide support for our local population.

Were our efforts successful? I would like to share with you a letter I recently received from a sailor in Saudi Arabia:

"* * * I'm a Chief Dental Technician currently serving with the Fleet Marine Force here in Saudi. It was hard for me to deploy because of the asthma problems of my son, Marc, and daughter Krystle. I'm worried sick about them since I left back in September.

During the night of 16 Nov 90, my daughter 'Krystle' was admitted in the Pediatric ICU for asthma. My wife, Estela, told me everything about the caring and professionalism of your pediatric staff, how they took care of my baby for 4 straight days. My daughter is back home again now, well and giggling again, due to the outstanding treatment she received. Your pediatric staff needs to be commended for a job well done. I do really appreciate it, my million thanks to all of them. People like you make me proud to be an American serving our country here in Saudi.

I'm not worried about my family because I know they're well taken care of back home. Again, thanks a lot."

This is what makes it all worthwhile. Tripler staff may care for this sailor in Saudi Arabia while they also provide care for his family at home—that is the single AMEDD mission in action.

GRADUATE MEDICAL EDUCATION

Graduate Medical Education (GME) is the heart of medical center operations, developing the new ideas and trained people the entire medical care system depends upon for growth. GME also plays a key role in the recruitment and retention of physicians and other health care professionals.

Tripler's training programs remain strong and productive. We have recently been approved as a site for a Family Practice Residency program. The first residents will arrive in the summer of 1991, with additional staff and residents arriving each summer through 1993. At that time 28 staff and resident physicians will be providing family practice services to 2,500–2,700 families (10,000–11,000 patients). Actions are progressing to renovate an area for this program and we thank you for your strong support of this project.

The Psychology Service at Tripler began a 13 month Clinical Psychology Internship program in July 1990. This program provides training in the basic professional skills of assessment, treatment, consultation, and supervision, and is an important resource in providing professionally excellent, dedicated officers to meet the AMEDD's challenge of delivering comprehensive health care services worldwide. We have also begun to assess the requirements for consolidating all AMEDD postdoctoral psychology training programs at Tripler.

A Tripler team is developing a proposal to renovate our Medical Library and adjoining space to provide a state-of-the-art learning resource center to support our GME programs. This area was not renovated by the recently completed project, and represents a significant shortfall in our training capabilities.

Finally, our staff is formally developing proposals for a Center of Excellence at Tripler. We are seeking a field of study in which Tripler is especially well suited to pursue leading edge research and development efforts. I will report the results of this search to U.S. Army Health Services Command and the Surgeon General in the near future.

HEALTH CARE INITIATIVES

Tripler enjoys its position as an innovative, creative medical center. We are an organization which constantly seeks new and better ways to bring high quality, cost effective care to its many beneficiaries. I am pleased to report to you the status of several on-going health care initiatives at Tripler, many of which have important implications for health care delivery in the future.

VA-Tripler joint venture.—Building on the strong sharing agreement and cooperative relationship developed locally, the VA will locate inpatient facilities, an outpatient clinic, a nursing home, and a regional office on the Tripler campus. This colocation of facilities will permit a greater sharing of staff and services between the two agencies and promises increased efficiencies and enhanced patient care for all beneficiaries. This is the first time anything of this magnitude has been attempted by the Army. A Concept of Operations has been jointly developed and signed, and is now at the Department level. Our local staffs are working on service and design issues for input to the VA's architectural firm.

Composite health care system [CHCS].—Tripler has been designated as DOD's primary medical center test site ("alpha site") for CHCS. The successful development and implementation of this comprehensive, integrated medical information system will put DOD medical facilities on the leading edge of health care information management. It will bring greatly enhanced capabilities to increase efficiency and effectively manage care throughout the DOD health care system. All of Tripler, with the exception of the Intensive Care Units, now operates with CHCS. It has also been extended to the medical clinics of all services (including the VA), enhancing integrated medical support throughout the island. The Milestone III decision for continuation and proliferation of CHCS is scheduled for summer 1992. We urge your continued support for this extremely important system. We at Tripler are very pleased with it.

CHAMPUS reform initiative.—As the only military hospital in Hawaii, Tripler plays a key role in the management of the CRI. Working closely with the local subcontractor, Tripler aggressively pursues opportunities to reduce CHAMPUS costs through its association with this managed care plan. Lessons learned in this process are incorporated into the greater Tripler effort to coordinate all care provided in and outside the medical center, seeking to further increase our cost effectiveness. Over 9,200 people are currently enrolled in the CHAMPUS Prime option of CRI in Hawaii, and it appears significant cost avoidance has been realized. Using the Resource Sharing provision physicians, nurses, social workers and other medical professionals have been added to our staff, all hired and reimbursed by the contractor.

Humanitarian assistance program.—This program to fund travel of Pacific Basin patients to Tripler for care, and to waive the charges for that care, is proving a great success. It allows access to the highest level of sophisticated tertiary care for these patients, elevating their morale, as well as that of their families; generates tremendous goodwill toward the United States; and provides high-quality patients essential to the continued success of Tripler's residency training programs. It has truly been a win-win program for all participants. Tripler has the authority to see up to 250 patients each year under this program. Eighty have been seen thus far in fiscal year 1991.

Nurse demonstration project.—This project studies the relationship between the number of ancillary support personnel available and nursing productivity. Results to date have shown an increase in nursing productivity from 62.6 percent time spent on essential nursing activities to 76.3 percent after the addition of ancillary personnel. The study will continue through fiscal year 1991 and will further the AMEDD goals of improving the productivity of increasingly scarce medical professionals, as well as have important implications for the recruitment and retention of nurses.

Coordinated care branch.—Coordinated care seeks the development of a comprehensive, unified health system which emphasizes quality while minimizing cost. This approach to coordinating the multiple programs which manage the care provided in and outside our medical facilities is DOD's primary strategy for meeting the challenge of increased demand in an era of budget cuts. Under the AMEDD's "Gateway to Care" concept Tripler, together with all U.S. Army Health Services Command hospitals, has established a separately staffed and resourced branch whose sole mission is coordinated care. As a further indication of the importance placed on this strategy, we have recently been notified that this organization will soon expand to division size reporting directly to one of the deputy commanders.

Facility and equipment modernization.—Our recently completed construction/renovation program has brought us a magnificent treatment facility. It is important, however, that we continue our planning efforts to ensure we maintain the capability to accomplish our mission. To do this we have established a Facility Master Plan which determines future construction requirements, prioritizes them according to our Strategic Plan, and then develops the formal documents required to obtain approval and funding.

A modern medical center must likewise remain on the forefront of technology to support its teaching programs and the specialized care needs of its patients. We recently added to our diagnostic and therapeutic capabilities a Magnetic Resonance Imaging (MRI) Unit (the second in the state of Hawaii), a Linear Accelerator, and a second Mammography Unit. We have received approval and funding for a second Computerized Tomography (CT) Scanner. We are actively seeking approval and funding for a Lithotripsy Unit to enhance our Urology program. We are also leading the way in the use of laproscopic surgery for cholecystectomies and appendectomies. This technique greatly reduces the morbidity and mortality associated with these operations and greatly reduces the length of hospital stay for the patient.

Quality care.—I am pleased to report that Tripler passed its recent accreditation inspection by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) in an exemplary manner. The final report granted us a full three year accreditation, and categorized Tripler within the top 13 percent of all hospitals surveyed nationwide. Our training programs continue to receive accolades as medical speciality board success rates near and often reach 100 percent in all programs. Our Chief of Pediatrics recently received the prestigious Lewis Aspey Mologne Award for military medical academic excellence. 85 percent of Tripler's military staff physicians, and 84 percent of our total staff physicians (military, civilian, and contract) are board certified. Thirty two military physicians are fellowship trained and certified, and eight have dual board certification. The primary sources of physicians entering the Army are the Health Professional Scholarship Program (HPSP) and the Uniformed University of the Health Sciences. These very competitive programs provide high quality physicians for our medical institutions. Indicative of this is the fact that 40 percent of our military physicians at Tripler graduated in the top 25 percent of their medical school class, and 23 are members of AOA, a medical honor society open only to those graduating in the top 2 percent of their class. We urge your continued support for these most important and valuable programs.

CONCLUSION

Tripler Army Medical Center is proud of its accomplishments over the last year and remains committed to continued excellence in the care provided all beneficiaries. It is our goal to be a strong, cost-efficient provider of high quality health care with the best academic programs in the nation, to conduct research which significantly furthers the art of medicine, and to remain a good neighbor in the local and Pacific communities. We will continue to further both our peacetime and readiness missions as we focus our efforts on taking care of patients everyday. We confidently stand with the rest of the Army Medical Department in meeting future challenges. With your continued assistance and support we will succeed.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any of your questions.

Senator INOUYE. Thank you very much, General Seitter.

Before proceeding with the questions, I would like to call upon my colleagues in the Hawaii Congressional Delegation for any remarks that they may wish to make at this time. So it is my pleasure to call upon Senator Akaka.

STATEMENT OF HON. DANIEL AKAKA, U.S. SENATOR FROM HAWAII

Senator AKAKA. Thank you very much, Mr. Chairman. I wish to join you and my other colleagues in welcoming our distinguished witnesses, Assistant Secretary Mendez, General Seitter, Ms. Costello, and Mr. Raff. I want to thank all of you for the high honor you have given Senator Inouye, in properly paying tribute to him and what he has done for this facility and for our country.

I also want to cite you, General Seitter, and your work here as very commendable and as well to make a remark about the makaho. Rightfully, it is the "new beginning," but also there can be another meaning. Maka in Hawaiian is "the eye," and ho is "new." So there is another perspective here: to give a new eye to the kind of services that will be offered here in the future.

At the outset, Mr. Chairman, I want to thank you for inviting me to participate in this hearing on military health care programs and the readiness of these programs. Given recent events in the Middle East, I commend you for seeing the need to examine such an important and timely subject here today. It is fortunate that our quick and decisive victory in the Persian Gulf resulted in relatively few casualties and injuries and, thus, did not truly test the Health Command's ability to respond to major conflicts, including this facility's. However, it is important that we continue to exercise oversight on the readiness of the military services to respond to future emergencies.

The conflict in the Middle East has raised many concerns regarding the changing needs of our Armed Forces. Congress addressed some of these concerns in the recently passed package of health and welfare benefits for returning Persian Gulf soldiers. For example, the 1-year delay in the previously mandated CHAMPUS mental health reductions, the provision to allow providers to waive required CHAMPUS copayments, and the 60 days of transitional medical benefits for reservists which will all greatly assist returning military personnel in resuming their peacetime lives.

Mr. Chairman, because of my membership on the Senate Veterans' Affairs Committee, I am particularly interested today in the sharing relationship between Tripler and the soon-to-be-established Matsunaga Department of Veterans Affairs medical center, and will focus most of my questions on this subject, time permitting.

As our audience well knows, veterans have waited many years for an inpatient facility of their own. It was only 2 years ago that Secretary Derwinski formally endorsed the initiative, and more recent still that the VA proposed that a new VA hospital be built in conjunction with Tripler.

While I was initially skeptical of the idea of a joint venture between VA and Tripler, I now believe that the hybrid hospital concept has much to offer in the way of quality service and cost savings. I believe this for two reasons. First, VA and Tripler have excellent new teams in place here. General Seitter has turned around this operation and sensitized Tripler's staff to the needs of veterans. And Barry Raff, who, I hope for continuity's sake, will be the Matsunaga Hospital's first director, has ably guided the Hawaii VA office through its most significant period of change.

Second, VA has assured me on numerous occasions, including the field hearing I chaired here last August, that the Matsunaga VAMC will have a separate and distinct identity from Tripler proper, and that it will be administered and staffed by VA personnel for the benefit of veterans—just like any other VA medical center in any other State. I hope that these assurances are being kept as plans for the joint venture are carried out by VA and DOD officials. As a matter of fact, in my last conversation with the Secretary, he told me that this facility will be identified as the 173d Veterans Hospital.

If I have a major concern regarding the Matsunaga Hospital, it is that it will not be established by the 1997 timeframe VA promised at the field hearing last August. At the Veterans' Affairs Committee's hearings on VA's 1992 budget last month, I expressed this concern to Secretary Derwinski. He indicated at that time that while planning appeared to be on schedule, fiscal problems could force the VA to delay the next funding phase for design of the facility for another year, thus extending the activation deadline to 1998 or beyond.

While the Secretary, in his subsequent phone call, called me and assured me that the hospital is currently on schedule, I am, nevertheless, worried by the possibility of delay that he raised earlier. I am sure my delegation colleagues find any further delay unacceptable and will join me in doing everything possible to assure timely funding for the hospital.

Thank you very much, Mr. Chairman. Again, I appreciate your giving me the opportunity to participate in this hearing and look forward to hearing from our distinguished witnesses. Thank you.

Senator Inouye. Thank you very much.

During that period when funding for the renovation of Tripler was being debated, the person who carried the major burden in the House of Representatives was Representative Patsy Mink. And so it is a great pleasure to call upon Mrs. Mink.

STATEMENT OF HON. PATSY MINK, U.S. REPRESENTATIVE FROM HAWAII

Mrs. Mink. Thank you very much, Senator Inouye. It is a privilege to be here and I am grateful for the invitation to participate in these hearings today.

It is a coincidence that I have the opportunity to return to the House of Representatives when so many of these important decisions are being implemented and being realized and to know that your constant presence on these issues has made the celebration today of the dedication possible.

The concept of looking forward, I think, is extremely important to the relevance of the medical function of the Department of Defense. So I am really pleased Secretary Mendez is here to share with us the discussion of policies that are so important to the service concept of the medical community within the Defense Department.

And I want to take this opportunity to express to General Seitter the wholehearted support and commendation that he deserves for having established the reputation that Tripler has throughout the medical community, not only in Hawaii, but throughout the Military Establishment and across the country.

When one takes political office, General Seitter, one hears more often the complaints than the praises. And I want to say to you that in the 6 months that I have occupied this seat, I have not received one single complaint about Tripler. And that is highly complimentary, I am sure, to your leadership.

There are some anxieties and expectations about the future, but they do not relate to the current level of services that the people are enjoying under your leadership. The level of concern, I think, comes from that cadre of people that long for an opportunity for full service and partnership with this institution. And those are the veterans that Senator Akaka so eloquently spoke about. Many veterans have come forward, written letters, expressed their anxiety as to when they might really become full partners. I am pleased to note in your testimony your full cooperation and willingness to work with the Veterans Administration to see the completion of what these veterans not only deserve, but have longed for for so many years.

The anxiety of many of the veterans come from the fact that they are aging quickly, year by year, and they are not really content with the notion that they might see a facility in 1997. They wish for an early union and collaboration with the services that might be possible within Tripler at the east wing, and for such services that might be forthcoming in that early combination of services pending the construction of the new facility.

So my questions today will be somewhat pointed as to when they might look forward to the beginning of that concentrated service, also perhaps some indication of the extent to which veterans now are being serviced at Tripler already in the absence of the dedicated facility for their exclusive use and benefit.

The other thing that I was so pleased by during the early tour I had before the meeting was an understanding of the extensive education program that is ongoing here at this facility, and I trust, Mr. Secretary, at other facilities throughout the country. While two of my distinguished colleagues serve on the Armed Services Committee and Senator Akaka indicated he is on the Veterans Committee, my concentration is in the education field and I look forward to the participation of the military community by extending their vast resources and undertaking responsibility in the education area.

One of my concerns is the adequacy of nurses' education and the extent to which the medical community may be helping to fill that void which is so extensive in our civilian community. The information I received on my tour this morning indicates that this facility considers itself adequately staffed by their nursing contingent. That is a very reassuring note.

The last thing I wanted to touch on is my concern for the CHAMPUS program. And, of course, the responsibility in CHAMPUS is to provide these services at the lowest possible cost to the Government. But there have been some registered concerns to my office about the severe limitations and so forth on the program and the hardships that are being encountered by those that were previously eligible who now find themselves not eligible or their service extremely limited. And I thought if I had the time this morning that I would want to exchange some thoughts and perhaps get some policy directions from you, Mr. Secretary.

Thank you very much, Senator Inouye.

Senator INOUYE. Thank you very much, Mrs. Mink.

May I now call upon a member of the House Armed Services Committee, Congressman Abercrombie.

STATEMENT OF HON. NEIL ABERCROMBIE, U.S. REPRESENTATIVE FROM HAWAII

Mr. ABERCROMBIE. Thank you very much, Mr. Chairman.

I am very pleased, General Seitter, to be back in this facility again and I am also very pleased to see Lieutenant Colonel Zurcher as well. He led, as you know, the briefing that I was given when I first came to this facility.

I think, speaking as the most junior member of this delegation, and someone who is most anxious to live up to the standard that has been set by the other members of this delegation, that I am probably like a great many people in Hawaii, always seeing Tripler from a distance, but not having experienced it personally. Tripler, aside from Diamond Head, passing over Diamond Head 31 years ago when I first came to Hawaii, Tripler was the most vivid memory—immediate memory, immediate sight that comes to mind. I am sure, Secretary Mendez, you have had that same feeling.

And as in so much in political life and, I suppose, in our personal life, General Seitter, it is the obvious that we take most for granted and seem to forget about first. And so it is the obvious that has to be repeated most often to ourselves whether it has to do with our care for our families or our colleagues or even in our professional life.

And I think we have always taken Tripler for granted. It was always there. It was a landmark in more ways than one. The symbol was always there for us.

So I can assure you that as a member of the Readiness Subcommittee—and I want parenthetically to subscribe to Senator Inouye's extended definition, if you will, of what constitutes readiness—I can assure you that I will do my very level best in the House to fulfill the expectations that he has in that regard.

As a member of the Readiness Subcommittee and a member of the Facilities and Installations Subcommittee, I want to tell you that to the degree that my membership in Armed Services gives Hawaii, in particular, and the United States in general, a strategic placement with respect to the Senate and the House, I hope to have a long and fruitful partnership with the senior Senator.

Senator Akaka has also indicated his membership on Veterans Affairs. And I want to indicate that I am working as a member of the Armed Services Committee with the most significant member of Veterans Affairs in the House, Sonny Montgomery from Mississippi, who has become my good friend over the years and I assure you is taking a close interest in what is happening here as well. So, I think that our delegation is significantly well placed in the Congress. Its interest obviously is here from the local perspective, but in terms of the national interest, you are doing work here which will, in fact, provide that flagship leadership.

I want to say in conclusion with respect to Representative Mink's observations that not a single complaint has been received about anything going on at Tripler, that that is true. To the best of my knowledge, none of us in the delegation has received a complaint at all.

And I want you to know that we are discounting entirely the rumors that all the mail trucks were being stopped from leaving the hill here, and that to the best of our knowledge, all the mail that we received had never been cleared by Iraqi censors. [Laughter.]

Thank you very much.

Senator INOUYE. Thank you very much.

Mr. Secretary and General, I am certain you have noted that a significant portion, if not more than one-half, of the people assembled here are veterans of other wars and other times. I believe the record will also show that on a per capita basis there are more veterans in the State of Hawaii than any other State.

As the fellows would say, "We've paid our dues. But, yet, for a long time we have waited. If you wanted special care, we had to travel all the way to California or to Washington or Oregon. But in the meantime, Tripler has provided us with service."

But as veterans, I am certain they have always wanted to have some place for themselves. We will soon have a facility called the Sparky M. Matsunaga Veterans Medical Facility, and according to present plans, it will have 39 medical beds, 36 surgical beds, 30 psychiatric beds, and we will have a special center where you will have 60 nursing beds. You will have an outpatient clinic, a benefits center, and many other administrative facilities. The surgical, medical, and psychiatric beds will be in the E wing, I believe. So this is all part of the operation. We are looking to this as possibly a model of what other communities can look to for guidance where the DOD facility can work together with the VA facility.

My question is, what authority will the VA be granted in the operations of the E wing where you will have the 65 beds?

TRIPLER JOINT VENTURE

General SEITTER. Sir, when the E wing is renovated, that will be the veterans' psychiatric ward or whatever ward they want to make it.

The value of the joint venture and the value of co-locating the Veterans Administration medical facility with Tripler is that the Veterans Administration will be able to make use of all of our subspecialty capability, all our sophisticated medical technology, and will be able to do it literally under the same roof. There is, in fact, a covered walkway between E wing and our ancillary subspecialties and major technology. In addition to that, we will be able to provide care on a much reduced cost basis to the Veterans Administration than they would have to pay to other facilities.

Sir, we are not merely willing to cooperate in this; we want to make it happen. It is mutually beneficial. It makes good sense medically. It makes good sense fiscally. And it makes good sense socially. You have earned the care that you deserve. We believe that Tripler can help provide that. We believe we can do that maintaining our identities, and yet not being so parochial that we cannot share those things that we both need and perhaps only one of us has. I see a mutual benefit, mutual sharing, and a mutually cooperative effort.

I am gratified to tell you, Mr. Chairman, that as recently as 2 days ago, I spoke with Dr. Holsinger, Secretary Mendez's counterpart to Secretary Derwinski. We are working the issue of a more rapid and more definitive VA presence at Tripler by establishing a ward within Tripler that would be designated for veterans.

Now, by definition, one cannot establish a hospital within a hospital. But if we can establish a ward and call it the VA ward while the Veterans Administration uses our facilities, we believe that will be tangible evidence of our mutual desire to cooperate and make this thing happen.

I believe that fundamentally the planning must be done locally. It must be approved and resourced at the department levels.

And I am also gratified to tell you that I am aware that the senior level of the Department of the Army and the very senior level of the Department of Veterans Affairs is this week, discussing the approval of the concept that E wing and the 12-acre site be a site for an ancillary Veterans Administration building. We want that to happen.

And I believe, sir, in all sincerity and in all honesty and all candor that it is going to happen. I believe that we are going to have that model you are asking for, and I can assure you that Tripler is behind it. I can assure you that the relationship we have with Mr. Barry Raff and his staff is very, very positive.

We have some differences in working out some of the problems. For instance, staffing. Civilian health care providers are paid differently and at different levels in the Department of Defense and the Department of Veterans Affairs. We are working that out. We do not see that as a "war stopper." It may take your intervention. There may be some regulations and laws that have to be modified. But we do not see any war stoppers. And we make that solid commitment to you.

Senator INOUYE. I am certain the veterans assembled here were very pleased to hear your response. It is very important to all of us here, and I want to publicly thank Dr. Mendez for his assurance that everything will be done to expedite the opening and operation of this joint veterans medical facility.

Dr. Mendez, your CHAMPUS reform initiative, I must commend you, has been working well, but in the State of Hawaii, we seem to have one problem, and it is not your policy nor is it your application of the initiative. The claims have to be processed on the west coast and there is a time element involved. Oftentimes those who are in need of services, for good reasons, get frustrated when there is a delay. Is it possible to have the claims processed in Hawaii?

Dr. MENDEZ. I believe that the cure, if you will, for that particular ill—We have had, indeed, claim problems when it pertains to CHAMPUS in general. Some people have the idea that claims are paid by the CHAMPUS office in Colorado, for instance. They are really paid by fiscal intermediaries as you pointed out. Those fiscal intermediaries are variable throughout the country. There were more problems in the CRI processing initially. It was similar to those in California. But, indeed, in my judgment, they were more expeditiously handled because the provider community was smaller here and, therefore, Queen's was able to work directly with affected providers.

What are we doing in terms of the whole system? What we are trying to create is a common thread to weave through the fabric of all the fiscal intermediaries with a national type of ease in terms of processing claims. Indeed, we will look at each fiscal intermediary area, but the aim is to be able to do that. Now, that does not mean that it would have to be done with one single fiscal intermediary. But it would mean that the process, you see, which causes that to happen and the expectation of the processing of the claim, the days, the payment and so on, would be common as we process this out. And I believe eventually that that will be the answer to the matter of differences that exist in different areas in terms of fiscal intermediaries and the expediency.

Senator INOUYE. Thank you very much.

General Seitter, each morning thousands of drivers and their passengers travel along the highway here and I am certain, as Congressman Abercrombie stated, they look up to the mountain, see this pink imposing building, not knowing what is in there. They know it's a military facility; I think most of them would know that. But they are not aware of your involvement in the community. I, for one, know of the important role you play with the University of Hawaii Medical School. Without this facility, I think the University of Hawaii Medical School would be in grave problems.

Second, I am aware of the role that the staffers and the personnel here play in community activities. I know of the many contributions you make to Aloha fund, per capitawise, much greater than that of the community itself. I think the people through television should be advised of what you are doing in Little League and fund-raising and disasters and such. Because I want the people of Hawaii to know that Tripler is not just for the military family alone, it is part of the community. I think you and your staff have done an extraordinary job in bringing this about. For example, if my eyesight is correct, I believe I saw the principal of one of the schools here at the dedication ceremony. So can you tell us, not in great detail, but the role you play with the community?

TRIPLER COMMUNITY INVOLVEMENT

General SEITTER. Thank you, sir.

Tripler is "ohana" in Hawaii. We consider ourselves part of the family here in the Pacific, and specifically here in Hawaii. And we are involved.

You did see the principal of Moanaloa Elementary School. They have adopted us and, conversely, we them. The young students come to the hospital and have visited our wards, have talked to patients, have seen what it means to be a health care provider. There are many, many of those young people, I firmly believe, as a result of their relationship with Tripler and seeing what it is to be a health care provider, that will influence their future professions, their future lives. It was most gratifying for me to be invited to the "pumpkin patch" at Halloween at that elementary school and for me to take Tripler to them, not only for them to come to Tripler.

Sir, on a more personal basis, I was selected—and please excuse the personal reference but in response to your question in dealing with our involvement with the community—I was personally selected to be the only military representative of the CINCPAC Commander to the Hawaii Chapter of the American Red Cross. I am the vice president of the executive board. We have worked well and closely, and I think that much binding has been accomplished with the community and Tripler.

Sir, we have people involved with virtually every social endeavor within this community. We do have coaches and we do have teachers who on a voluntary basis go out into the community. I believe it was you who said that we do not do that in uniform and some times we are not identified. But we do feel that we are a very strong part of the community. I believe, Mr. Chairman, that the issue of the Veterans Affairs/Tripler joint venture has improved and developed an awareness throughout the community of what it is that Tripler does and our involvement.

I will refer back to your comments about the university. We have a wonderful relationship. We are affiliated, Mr. Chairman, with 94 institutions throughout the country. The best, the biggest, and obviously the closest affiliation, is with the University of Hawaii. We have residents and interns from the university who come here to Tripler. We have an exchange of professors and department chiefs. It is a very warm and close relationship. I believe that as we progress through the joint venture with the veterans, that that will become even more enhanced.

Traditionally in the country, the relationship with the Veterans Affairs and the university has always been very good. We in Department of Defense have, I think, successfully done a good job affiliating with our universities. I think there is a model here that will be like none other: The affiliation of Tripler with the veterans and with the university.

So, sir, I will be happy to provide for the record additional specifics on our community involvement. But I want to begin and end my answer to your question by very strongly assuring you that we want to be part of the community and that we advertise that. We feel that Tripler has something to contribute and that certainly Hawaii has much to contribute to us.

Senator INOUYE. Thank you very much.

May I now call upon Senator Akaka. I have many other questions to ask, but I want to have my colleague do some questioning.

Senator AKAKA. Thank you very much, Mr. Chairman.

CHAMPUS REFORM INITIATIVE

Mr. Secretary, under the CHAMPUS reform initiative a number of health care providers have left the program in disgust after experiencing problems in reimbursement. For example, I know of two pediatricians who formerly treated more than 1,000 children here in Hawaii but have left the CRI over billing problems. My question to you is, how prevalent is this problem? How has this affected the care provided to beneficiaries, and in this particular case, what happens to these children?

Dr. MENDEZ. I think that what has happened is that at the beginning of the CRI program, although I was not in the Department at that time, looking at it retrospectively, there were significant problems with claims processing. We have had that same problem elsewhere in terms of new contractors until stabilization of the claims processing program can come about.

And, indeed, in Hawaii there were claims problems the same as there were in California initially with CRI. The EDS, a contractor that went and took over network payment obligations, both EDS and Blue Cross Washington-Alaska have reached better compliance with claims processing. So that problem has, indeed, lessened. When we had a new contractor also go to southeastern United States, we experienced the same type of problem until that contractor was able to stabilize, Mr. Akaka. And then after that, stabilization took place.

If you notice, the ability to do coordinated care, as I explained before, would tend to remedy, some of those situations. So I look hopefully to that and to the incorporation of that type of thought in future contractual bases that may be established between the Department and other providers or fiscal intermediaries.

Senator AKAKA. This question is directed to both you or General Seitter, and even Mr. Raff later. But I am informed that Susan Livingston, who currently heads the Army's Installations and Facilities Office and who recently had the same job for VA, offered VA the services of the Army Corps of Engineers in developing the Matsunaga Veterans Medical Center, but that her offer was rejected by VA in spite of the Corps' extensive experience in medical construction here at Tripler. Do you have any knowledge about that?

Dr. MENDEZ. I am personally unaware of that until now, Senator, so I really cannot comment on it. Perhaps Dr. Seitter may be aware.

General SEITTER. Sir, I have reason to believe only through something slightly better than hearsay, but I do not have any documentation, that what you say is true. We believe that our engineers would be an excellent choice to lead the construction and renovation project. I do not know why that was rejected and, as I said, I am not even sure that it was. It is my understanding that it was. Perhaps when Mr. Raff testifies, he will be able to more clearly answer that question.

DOD-VA

Senator AKAKA. Thank you very much, General Seitter.

I want to follow up on the question that Senator Inouye referred to. At a recent Veterans Affairs Committee hearing on fiscal year 1992 budget, the VA's chief medical director, Dr. Holsinger, stated that interim services could be provided at Tripler by the end of this year. Do you agree with his assessment and is that going to be a possibility?

General SEITTER. Sir, at the risk of being a bit redundant, I think a proper answer to your question requires me to go back and look at just a little of the history.

VA and Tripler established our first relationship in 1933, 1 year after the Veterans Administration was established. We formally allocated 65 beds in 1980. In 1988 we began what is now known as the formal VA sharing agreement, at which time the Veterans Administration reimbursed Tripler directly for care. The Veterans Administration can acquire care here at about one-half the cost of care elsewhere. We already, sir, provide care to our veterans.

Let me give you some comparative statistics fiscal year 1990–91. In fiscal year 1990, we had, on average, 37 beds occupied every day by veterans. This year we have a daily average of 42 beds occupied and we have had as many as 53 occupied beds by veterans.

Now, it is true that we do not have a specific centralized ward. And the reason for that is that these people require different disciplines of care. Some are in the ICU. Some are on orthopedics. Some are on cardiology. And in all sincerity, sir, I do not believe that we are ever, nor do we wish to ever conclude that the veterans and Tripler will be totally separate. In fact, what we are trying to accomplish is the sharing of facilities and of capabilities.

We are going to try to have a more concentrated presence at Tripler by opening a ward dedicated to the veterans, and that will be primarily a psychiatric ward. And I believe that Dr. Holsinger was referring to that kind of arrangement when he mentioned the beginning of the 173d Veterans Administration Hospital. That is doable. The details, obviously, have to be managed with great care. As I testified to you in August, planning is going to be absolutely paramount. If that is not done right, it is not going to work. I can assure you that the Department of the Army is committed to making this work.

Senator AKAKA. Secretary and General, thank you very much for your responses.

General SEITTER. Thank you, sir.

Senator INOUYE. May I now call upon Representative Mink. She has advised me and, I think, it is the problem with all of us, we cannot stay here all day. We have other commitments.

So, if we may, we would like to submit questions to you, Mr. Secretary and General, and request that you respond to them for the record.

Dr. MENDEZ. We will be happy to do that.

Senator INOUYE. Mrs. Mink.

Mrs. MINK. Thank you very much, Senator.

Pursuing the matter of the veterans accommodation, from what you have just said, about 10 percent of your bed capacity is utilized by veterans on the space-available basis under the current usage; is that about right?

General SEITTER. Yes, ma'am; that is about right.

Mrs. MINK. So, if in the future this new facility is constructed and installed and on its way, will the practice of having veterans being serviced at Tripler still continue, irrespective of whether there is a new facility constructed exclusively for the veterans' use, based upon the needs for special care and special types of medical attention required by certain portions of the veteran community?

General SEITTER. Ms. Mink, I believe that your question centers around staffing and resourcing. And part of the sharing agreement addresses that. The Veterans Administration will resource their capability to take care of their patients at the level they see fit and are capable of. The ability for Tripler to take care of patients requiring our subspecialties and technology I do not see being degraded whatsoever. I believe, as a matter of fact, with the Secretary sitting next to me, that in this joint venture we will both be resourced to meet our requirement of taking care of the needs that must be met.

Mrs. MINK. Yes.

Dr. MENDEZ. For just a moment and without just simply trying to be reinforcing of Dr. Seitter, in all of the sharing agreements proper, you have to look at a piece that is clinical in terms of the availability of patient care, in terms of the needs of the patient, and the piece that is administrative, such as the credentialing process. There is a piece that deals with space and how you handle that distribution. And there is a piece of that which is fiscal in terms of the reimbursement mechanisms and so on that would have to be established.

All of these aspects have to be looked at and, indeed, were looked at in a concept of operations.

So I believe that the first step speaks to the concept and that has, in a logical way, been addressed. Eventually a good, sequenced, logical sharing agreement will result.

Do I see support from that in my own Department? The answer is, "Yes." Do I see support for that in the Congress? The answer is, "Yes." Do I see support for that in the Department of Veteran Affairs? And, again, the answer is, "Yes." So, I believe that we will be able to establish that in terms of Tripler in a very positive vein.

The eventual resultant of health care initiatives, of course, is care. And that is what we want to do in terms of people needs and to render that care in a way that we agree on what the quality of the care should be. I think that certainly I have the impression that it is, indeed, being guided that way here in this area.

TRIPLER JOINT VENTURE

Mrs. MINK. I just wanted reassurance that while we were working on the administrative end and the fiscal end and the accounting end and the reimbursement end and the physical facility end, that there would be no prejudice to the veterans' expectation that should the services be required and available at Tripler, that they could continue to consider themselves eligible for that medical service and attention at Tripler even after those facilities were built specially for them. And that——

General SEITTER. As the regulations——

Mrs. MINK. I think you have given me——

General SEITTER. Excuse me. As the regulations are written now, veterans are managed at Tripler and, in fact, at all Department of Defense hospitals, on a space-available basis. So is our retired population, and so is my own family. Our primary mission and function is to take care of the soldier, then his or her immediate family, and then all other categories of patients.

I would tell you, however, that Tripler has never discriminated in terms of service to any category of patient. We may not have a specific capability. For instance, in orthopedics and ophthalmology, we do not have the capability that we would like, that we need, to take care of even our own active duty.

These are the kinds of clinical issues that can be worked out. That is the beauty of the sharing agreement. If we do not have the specialists to take care of the veterans, maybe the Department of Veterans Affairs does. And that is the beauty of the mutual agreement and the philosophy of working together.

RENOVATION PROGRAM

Mrs. MINK. One last question. I know there are a million other questions, and I will submit my others on CHAMPUS which is a very, very nagging issue for many of the people that have been in touch with my office.

But the one question I wanted to ask had to do with the E wing. What are the immediate target date expectations when that wing could be open and made available for the veterans? What is now going on in E wing? Does it require some renovations or other things, or is it immediately available? And what is a target date that you are working toward for the release of that wing to the veterans and for their use?

General SEITTER. Ms. Mink, in the renovation program project that we just dedicated today, part of that was to remove windows and replace window casements in the E wing. As we did that, we found asbestos. Without going into great detail, but to summarize for you, that turns out to be a rather minimum problem. The Army is cleaning that up and will be ready to turn that E wing over to the Veterans Administration shortly.

How long will it take? Senator Akaka asked me that in August, and I will respond to you the same way. Based on the experience of C wing at Tripler, which has just been fully gutted and renovated, based on B wing, also completely demolished so that all that was left was a shell and then renovated to what we have now, based on those experience factors, using people with experience, using the lessons learned from the previous construction, I believe that the actual construction project could be completed—the renovation project could be completed between 12 and 18 months.

When the Veterans Administration wishes to accept E wing, when they wish to resource the renovation of it, is something that I cannot answer. I think the Veterans Administration has to answer that.

Mrs. MINK. By "resource," you mean pay for it? I do not understand all these technical words.

General SEITTER. I mean being paid for.

Mrs. MINK. Pay for it.

General SEITTER. Yes, ma'am; that will be the responsibility of the Veterans Administration.

Mrs. MINK. Will the Corps of Engineers be doing that renovation?

General SEITTER. We hope so. But that was the question that was asked a few minutes ago and——

Mrs. MINK. That is a very important question for us to——

General SEITTER. It is; it is. And again, I am not sure, other than by word of mouth and perhaps hearsay, that that has not been looked upon favorably by the Department of Veterans Affairs.

Now, I do not believe that is a closed issue. And I think that is one of those things that we have to tease apart and look at from both perspectives. But it is my impression at this point in time that the Veterans Administration has looked askance at using the Army engineers.

Mrs. MINK. In your view, if we used the Army engineers, would it expedite the completion of the job?

General SEITTER. I believe it would.

Mrs. MINK. Thank you very much.

Senator INOUYE. Thank you, Mrs. Mink.

Congressman Abercrombie.

Mr. ABERCROMBIE. Mr. Chairman, I will submit my questions as well. Most have them have already been gone over, and in the interest of time, I will pass at this moment.

Senator INOUYE. Thank you.

Secretary Mendez, I will be submitting the bulk of my questions. But I have a few that I would like to discuss here.

FEDERAL NURSING SCHOOL

Whenever I discuss the matter of health care with military hospital commanders, one of the top items that they discuss or wish to discuss would be the shortage of nurses. And I realize that the shortage is not only in the military but throughout the United States.

Accordingly, I have long advocated—and I believe I have discussed this with you—the establishment of a Federal nursing school somewhere, not just for the military medical needs, but for the public health service, the Indian Health Service, and other Federal agencies. What are your thoughts as to the establishment of such a school?

Dr. MENDEZ. We began the evaluation of that item through the Uniformed Services University of the Health Sciences.

In the fall of 1988 the Federal nursing chiefs organized a task force to examine the feasibility of a nursing school. In 1989, in the spring during testimony, the Surgeon Generals and the nursing chiefs supported, indeed, the thought of a Federal nursing school at that time with the thought in mind that that could take place at the Uniformed Services University of the Health Sciences. And the appropriations act then in the 1990–91 timeframe required that feasibility study to become just a formal type of study.

We have had questions that have asked whether the establishment of that should be at the Uniformed Services University or whether there should be an already established, civilian nursing school that would, indeed, pick up the training of those students either on a 2-year basis with students that already have 2 years of college, or on a full 4-year program.

The material that was sent over to the Department of Defense at this point from the feasibility study is now being staffed with the services, Senator Inouye, to get the input from the services and to be able to correlate that need with the recruitment incentives that are going on presently.

Where that study sits at this point in time is that the service staffing is taking place. It has already come to us in the Department. So we will be reporting the totality of that to you after staffing and conclusions.

Senator INOUYE. When can we expect that report?

Dr. MENDEZ. By all means, this year, and we will have to—you know, part of that is the economic analysis of it and so on. But I felt that the service inputs was very important to be able to obtain before the final recommendation.

MEDICAL RESERVE

Senator INOUYE. One final question. During Desert Storm, I saw several Reserve doctors appear on television saying that their practices have been disrupted, et cetera, and as such, they are thinking very seriously of getting out of the Reserves. And I gather that this has become a serious problem. What do you consider the future of medicine in the Reserves?

Dr. MENDEZ. I believe that Desert Storm proved, as a matter of fact, our need for a strong medical Reserve. And certainly in the two phases, the Desert Shield and the Desert Storm, and the deployment of reservists not only to the area of operations, but, also in the communication zone in CONUS. So the reservists were, indeed, helpful at all three levels.

I have, indeed, and can share with you vignettes of how practices were disrupted by the deployment. How there was, indeed, economic distress that was caused by that and so on. I heard more of that early on than I did late, Senator. And late, what did I hear? I heard some of that, but at the same time I heard a surge of pride and a positivity and a continuity in terms of the Reserve.

Am I giving you a diagnosis? The answer is, "No." I am giving you a clinical impression as I saw these things develop and my conclusion, I believe, is quite real. My conclusion is that it is most important to preoccupy ourselves with a reconstitution of the medical Reserve, and that within that preoccupation, we must do those things that are necessary such as we already went to you, indeed, with a malpractice insurance provision, that was approved by Congress, those items that are necessary in terms of incentives to cause the continuity of that Reserve. I believe that you feel that that support is necessary also. And I will have no hesitancy of stating to you what those items should be to maintain that stability and continuity.

Senator INOUYE. Thank you.

Dr. MENDEZ. Thank you.

HUMANITARIAN ASSISTANCE

Senator INOUYE. General Seitter, I just have one question I would like to ask here and submit the rest.

One of the lesser known activities of Tripler is the fact that you care for Pacific islanders. They come from all over. Under the rules and regulations, you are limited to handle roughly 250 per year because of travel restrictions. If the cap were taken off, considering your limitations and hospital capacity, how many Pacific islanders would you be able to handle per year?

General SEITTER. Sir, we believe that given the funding of $500,000, which we have received for the past 2 years, that we could take care of a significantly larger number of people if we did not have that cap. That cap was the result of a very, very conservative cost analysis. I believe that if we still receive the $500,000 and the cap were removed, that we could, in fact, take care of more patients. Tripler has the capability. We want to do that. We believe that other categories of patients would not suffer. And we would look forward to having that cap removed and having that capability.

Senator INOUYE. I can assure you, that being the case, we will remove the cap. [Laughter.]

That is one of my perks.

I would like to thank you, Mr. Secretary, for traveling this long distance to be with us. This was an auspicious day. It was your predecessor who began the program to renovate and reconstruct Tripler and now I am happy to see the present Assistant Secretary of Defense for Health Affairs here to witness that event.

General Seitter, I want to commend you for what you have done to Tripler because I remember about 12 years ago the Department of Defense was very seriously thinking about closing this shop: no accreditation, no hospital.

I still remember this awful experience I had in visiting one of your operating rooms at that time and smelling the exhaust from trucks. I could not figure out what was happening. Someone told me inexplicably somehow the vent from the garage joined up with the vent in the operating room and every time they started the trucks, you had to evacuate the operating room.

Tripler at that time was at the bottom of the heap and it makes me so proud as a citizen of this State and as a former soldier to know that you are now in the top 13 percent. Let us work to make it the top 5 percent.

General SEITTER. Sir, we will do that.

Senator INOUYE. Thank you very much. [Applause.]

General SEITTER. Thank you, Senator.

Senator INOUYE. Thank you, Mr. Secretary. Thank you, General Seitter.

Now may I call upon Mrs. Gwen Costello, the family advocacy advisor to the U.S. Commander-in-Chief of the Pacific Surgeon. Mrs. Costello will describe for us family support programs available to our men and women in the Pacific region. Our recent experience in Operations Desert Shield/Desert Storm, I believe, brings home to all of us the great need for active, well functioning family support programs. So it is of great importance to us in Hawaii because of the deployment of the Marines during the recent combat.

Mrs. Costello, it is good to see you again, ma'am.

STATEMENT OF GWEN COSTELLO, FAMILY ADVOCACY ADVISOR TO THE U.S. COMMANDER IN CHIEF OF THE PACIFIC SURGEON

Mrs. COSTELLO. Thank you, sir.

Mr. ABERCROMBIE. Mr. Chairman?

Senator INOUYE. Yes.

Mr. ABERCROMBIE. Just a moment. Ms. Costello, I beg your pardon. I am required to be elsewhere and so my leave-taking, believe me, in no way is a commentary on the presentation you are about to make. And rest assured that in our Readiness Subcommittee and in conjunction with Senator Inouye, we will do our level best to be supportive of you in all the efforts you are making.

Mrs. COSTELLO. Thank you, sir. And I know your track record. It is great.

Senator INOUYE. Please proceed, ma'am.

Mrs. COSTELLO. Thank you.

Good morning, Senator Inouye, members of the congressional delegation. I would like to present information concerning our military family members involved in Operations Desert Shield and then Desert Storm.

Let us begin with some figures on military members stationed in Hawaii and their families, by branch of service.

These figures are ballpark services. I felt, sir, that you needed to have probably a handle on the number of families that were involved. So we pulled together what we could, just to get us some guidance with regard to health planning for these families.

The Army had 509 Hawaii active duty families assigned to this combat mission with 168 family members involved. Of the 509 total, 102 active duty have now returned.

The Navy total for Hawaii active duty assigned to the Kuwaiti theatre of operations was 700. As of March 25, 400 have returned aboard the *Worden*. There were over 1,000 Hawaii Navy family members.

The Marines numbered 8,500. To date over 2,000 have now returned. The number of Marine Hawaii families affected is 5,264 according to KBAY.

The Air Force sent 192 active duty with 83 returned to Hawaii. So far approximately 250 Air Force family members were involved.

In late January, USCINCPAC provided the leadership to organize a supportive community response to this global crisis by cosponsoring, along with the Armed Services YMCA and the United Services organizations, a meeting for parents of service men and women deployed in support of Operation Desert Shield. A task force evolved out of this effort with the Hawaii Community Services Council as the lead agency. The composition of this group includes 27 private-sector organizations and agencies plus the State Department of Human Services and the Hawaii Visitors Bureau.

As combat successes were reported and the realization that the reunification process could be on the horizon, planning activities got underway. The direction the task force took then expanded to include the concerns of the Hawaii military family members.

FAMILIARIZATION SEMINAR

The next major undertaking of this task force is a familiarization seminar to be held on April 2, 1991, at Pearl Harbor Naval Base. It will allow civilian mental health care providers and school counselors to become acquainted with the unique counseling problems faced by military families as a result of deployments and reunions. Desert Storm provided the impetus for this type of event.

POST-TRAUMATIC-STRESS DISORDER

Deployment and reunion are expected cycles in military family life; however, both the threat and actuality of combat certainly increases the anxiety and stress levels of our military families.

Just briefly, I would like to touch on a situation that there were concerns about known as post-traumatic-stress disorder; not knew, much has been learned about this since the Vietnam era. Operation Desert Storm presented a different scenario for us. It is now believed that post-traumatic-stress disorder will not be a serious problem, as far as the numbers go.

However, for individuals and families who will be, at some point, identified as affected by this condition, considerable individual and family treatment may be required. Treatment will initially be provided through military health care and CHAMPUS, and ultimately through the Veterans Affairs and private-sector providers.

Statistically, Desert Storm involvement from Hawaii by the Army, Air Force, and Coast Guard was much less than that incurred by the Navy and Marine Corps. With community support and within their own resources, the Army and Air Force are going forward with reunification activities. The Navy, familiar with regular deployments, is also preparing for ships returning to port.

By far, the single largest troop involvement occurred at Kaneohe Marine Corps Air Station. Marine leadership is providing well-prepared and organized debriefings. The Family Support Center has oversight for providing information and services of a practical nature to Hawaii marines and their families. The medical treatment facility has plans to address mental health issues and problems that could arise following Operations Desert Shield, Desert Storm experience. We are providing consultation and advice to ensure that active duty members and their families receive the assistance and services they require during the transition period.

Turning to family support services in the Pacific Command, we can now report the availability of an Army community service center, a Navy or Marine family service center, or an Air Force family support center on every major military installation where we have families. In addition, the military health care system provides a family advocacy officer at all of these installations.

Reviewing this by geographical location will be a little bit clearer. Let us begin with Korea. Over the last 3 years, significant family support services have been developed, such as Pear Blossom Cottage on Camp Casey where families can socialize, receive counseling, prepare meals, with special attention given to the needs of the children. Yongsan Garrison in Seoul has well-established family support service that includes housing, schools, and numerous family-centered activities. Moving on south down to the Camp Humphrey, support services are available in the Taegu area and at Camp Hialeah. They have some model programs there.

In Japan and Okinawa, family support services include housing, schools, and a wide variety of family-centered activities.

The situation in the Philippines is a little fluid. With security an issue, most families now reside on the military installations where attempts are continuing to be made to meet their identified needs.

Guam military installations provide a full range of family support services. In addition, the local community is an asset for our military families.

Conditions in Alaska vary from location to location. USCINCPAC assumed command of this area in 1988. As such, all efforts are being undertaken to ensure that the necessary services and programs are available to our families stationed in the State.

This concludes the overview of family support services in the Pacific. Thank you for giving me this opportunity, sir, to speak on behalf of our family military families.

[The statement follows:]

STATEMENT OF MRS. GWENDOLYN R. COSTELLO

MR. CHAIRMAN:

GOOD MORNING SENATOR INOUYE AND MEMBERS OF THE CONGRESSIONAL DELEGATION. I WOULD LIKE TO PRESENT INFORMATION CONCERNING OUR MILITARY FAMILY MEMBERS INVOLVED IN OPERATION DESERT SHIELD AND THEN DESERT STORM.

LET US BEGIN WITH SOME FIGURES ON MILITARY MEMBERS STATIONED IN HAWAII AND THEIR FAMILIES, BY BRANCH OF SERVICE. DEPLOYED TO THE PERSIAN GULF, THE ARMY HAD 509 HAWAII ACTIVE DUTY MEMBERS ASSIGNED TO THIS COMBAT EXPEDITION WITH 168 FAMILY MEMBERS INVOLVED. OF THE 509 TOTAL, 102 ACTIVE DUTY HAVE NOW RETURNED. THE NAVY TOTAL FOR HAWAII ACTIVE DUTY ASSIGNED TO THE KUWAIT THEATRE OF OPERATIONS WAS 700, AS OF 25 MAR, 400 HAVE RETURNED. THERE WERE OVER 1,000 HAWAII NAVY FAMILY MEMBERS. THE MARINES NUMBERED 8,500, TO DATE OVER 2,000 HAVE RETURNED. THE NUMBER OF MARINE HAWAII FAMILIES AFFECTED IS 5,264. THE AIR FORCE SENT 192 ACTIVE DUTY WITH 83 RETURNED TO HAWAII. SO FAR APPROXIMATELY 250 AIR FORCE FAMILY MEMBERS WERE INVOLVED.

IN LATE JANUARY, USCINCPAC PROVIDED THE LEADERSHIP TO ORGANIZE A SUPPORTIVE COMMUNITY RESPONSE TO THIS GLOBAL CRISIS BY CO-SPONSORING, ALONG WITH THE ARMED SERVICES YMCA, AND THE UNITED SERVICES ORGANIZATIONS A MEETING FOR PARENTS OF SERVICE MEN AND WOMEN DEPLOYED IN SUPPORT OF OPERATION DESERT SHIELD. A TASK FORCE EVOLVED OUT OF THIS EFFORT WITH THE HAWAII COMMUNITY SERVICES COUNCIL AS LEAD AGENCY. THE COMPOSITION OF THIS GROUP INCLUDES 27 PRIVATE SECTOR ORGANIZATIONS AND AGENCIES PLUS THE STATE DEPARTMENT OF HUMAN SERVICES AND THE HAWAII VISITORS BUREAU. AS COMBAT SUCCESSES WERE REPORTED AND THE REALIZATION THAT THE REUNIFICATION PROCESS COULD BE ON THE HORIZON, PLANNING ACTIVITIES GOT UNDERWAY. THE DIRECTION THE TASK FORCE INITIALLY TOOK EXPANDED TO INCLUDE CONCERNS OF HAWAII MILITARY FAMILY MEMBERS. THE NEXT MAJOR UNDERTAKING OF THE TASK FORCE IS A FAMILIARIZATION SEMINAR TO BE HELD ON 2 APR 91 AT PEARL HARBOR NAVAL BASE. IT WILL ALLOW CIVILIAN MENTAL HEALTH CARE PROVIDERS AND SCHOOL COUNSELORS TO BECOME ACQUAINTED WITH THE UNIQUE COUNSELLING PROBLEMS FACED BY

MILITARY FAMILIES AS A RESULT OF DEPLOYMENTS AND REUNIONS. OPERATION DESERT STORM PROVIDED THE IMPETUS FOR THIS EVENT.

DEPLOYMENT AND REUNION ARE EXPECTED CYCLES IN MILITARY FAMILY LIFE; HOWEVER, BOTH THE THREAT AND ACTUALITY OF COMBAT CERTAINLY INCREASES THE ANXIETY AND STRESS LEVELS OF OUR MILITARY FAMILIES.

THE CONDITION, KNOWN AS POST-TRAUMATIC STRESS DISORDER, IS NOT NEW AND MUCH HAS BEEN LEARNED ABOUT THIS DISORDER SINCE THE VIET NAM ERA. OPERATION DESERT STORM PRESENTED A DIFFERENT SCENARIO. IT IS NOW BELIEVED THAT POST-TRAUMATIC STRESS DISORDER WILL NOT BE A SERIOUS PROBLEM, AS FAR AS THE NUMBERS GO.

ALTHOUGH, FOR THOSE INDIVIDUALS AND FAMILIES WHO WILL AT SOME POINT IN TIME BE IDENTIFIED AS AFFECTED BY THIS CONDITION, CONSIDERABLE INDIVIDUAL AND FAMILY TREATMENT MAY BE REQUIRED. TREATMENT WILL INITIALLY BE PROVIDED THROUGH THE MILITARY HEALTH CARE SYSTEM AND CHAMPUS, AND ULTIMATELY THROUGH VETERANS AFFAIRS AND PRIVATE SECTOR PROVIDERS. STATISTICALLY DESERT STORM INVOLVEMENT FROM HAWAII BY THE ARMY, AIR FORCE AND COAST GUARD WAS MUCH LESS THAN THAT INCURRED BY THE NAVY AND MARINE CORPS. WITH COMMUNITY SUPPORT, AND WITHIN THEIR OWN RESOURCES, THE ARMY AND AIR FORCE ARE GOING FORWARD WITH REUNIFICATION ACTIVITIES. THE NAVY, FAMILIAR WITH REGULAR DEPLOYMENTS, IS ALSO PREPARING FOR THE SHIPS RETURNING TO PORT. BY FAR THE SINGLE LARGEST TROOP INVOLVEMENT OCCURRED AT KANEOHE MARINE CORPS AIR STATION. MARINE LEADERSHIP IS PROVIDING WELL PREPARED AND ORGANIZED DEBRIEFINGS. THE FAMILY SUPPORT CENTER HAS OVERSIGHT FOR PROVIDING INFORMATION AND SERVICES OF A PRACTICAL NATURE TO HAWAII MARINES AND THEIR FAMILIES. THE MEDICAL TREATMENT FACILITY HAS PLANS TO ADDRESS MENTAL HEALTH ISSUES AND PROBLEMS THAT COULD ARISE FOLLOWING THE OPERATION DESERT SHIELD/DESERT STORM EXPERIENCE. WE ARE PROVIDING CONSULTATION AND ADVICE TO ENSURE THAT ACTIVE DUTY MEMBERS AND THEIR FAMILIES RECEIVE THE ASSISTANCE AND SERVICES THEY REQUIRE DURING THIS TRANSITION PERIOD.

TURNING TO FAMILY SUPPORT SERVICES IN THE PACIFIC COMMAND, WE CAN NOW REPORT THE AVAILABILITY OF AN ARMY COMMUNITY SERVICE CENTER, A NAVY OR MARINE FAMILY SERVICE CENTER, OR AN AIR FORCE FAMILY SUPPORT CENTER ON EVERY MILITARY

INSTALLATION WHERE FAMILIES ARE LOCATED. IN ADDITION, THE MILITARY HEALTH CARE SYSTEM PROVIDES A FAMILY ADVOCACY OFFICER AT ALL OF THE INSTALLATIONS. REVIEWING THIS BY GEOGRAPHICAL LOCATION WILL BE CLEARER. LET US BEGIN WITH KOREA. OVER THE LAST THREE YEARS SIGNIFICANT FAMILY SUPPORT SERVICES HAVE BEEN DEVELOPED, SUCH AS PEAR BLOSSOM COTTAGE ON CAMP CASEY, WHERE FAMILIES CAN SOCIALIZE, RECEIVE COUNSELING, AND PREPARE MEALS, WITH SPECIAL ATTENTION GIVEN TO THE NEEDS OF THE CHILDREN. YONGSAN GARRISON IN SEOUL HAS WELL ESTABLISHED FAMILY SUPPORT SERVICES THAT INCLUDE HOUSING, SCHOOLS, AND NUMEROUS FAMILY CENTERED ACTIVITIES. MOVING SOUTH CAMP HUMPHREY SUPPORT SERVICES ARE AVAILABLE TO THE TAEGU AREA AND CAMP HIALEAH.

IN JAPAN AND OKINAWA, FAMILY SUPPORT SERVICES INCLUDE HOUSING, SCHOOLS, AND A WIDE VARIETY OF FAMILY CENTERED ACTIVITIES.

THE SITUATION IN THE PHILIPPINES IS FLUID. WITH SECURITY AN ISSUE, MOST FAMILIES NOW RESIDE ON THE MILITARY INSTALLATION WHERE ATTEMPTS HAVE BEEN MADE TO MEET IDENTIFIED NEEDS.

GUAM MILITARY INSTALLATIONS PROVIDE A FULL RANGE OF FAMILY SUPPORT SERVICES. IN ADDITION, THE LOCAL COMMUNITY IS AN ASSET FOR MILITARY FAMILIES.

CONDITIONS IN ALASKA VARY FROM LOCATION TO LOCATION. USCINCPAC ASSUMED COMMAND OF THIS AREA IN 1988. AS SUCH, ALL EFFORTS ARE BEING UNDERTAKEN TO ASSURE THE NECESSARY SERVICES AND PROGRAMS ARE AVAILABLE TO OUR FAMILIES STATIONED THERE.

THIS CONCLUDES THE OVERVIEW OF FAMILY SUPPORT SERVICES IN THE PACIFIC.

THANK YOU FOR GIVING ME THIS OPPORTUNITY TO TESTIFY ON BEHALF OF MILITARY FAMILIES.

PROGRAM IN READINESS

Senator INOUYE. Thank you very much, Mrs. Costello. I suppose you may be wondering why I called you to be a witness here. I had the privilege of visiting the Persian Gulf area on two occasions, and during that time I met with many members of the Kaneohe Marine contingent. In each case I would ask the question, "Are you satisfied with what is being done for your families in Hawaii?" All of them answered in the positive, saying that, "I am confident that they are well taken care of. I am assured that they are in good hands."

I want to thank you and Admiral McDaniel, who is here as the CINCPAC surgeon, for an important role that all of you played. Through you I want to thank those who are in the program in readiness because a man or woman with problems on their minds are not going to serve well. One who can be assured that his family is handled well and in good hands can give the ultimate in service, and that is what you have done.

I have just one question because I want the people of Hawaii to know about one of the problems that our military personnel face. Sometimes you will hear civilians tell that, "Well, the guys are getting too much pay. They are overpaid," et cetera, et cetera. Isn't it true that about 1,000 military members have to make up their needs by receiving food stamps?

Mrs. COSTELLO. Exactly, sir.

Senator INOUYE. Is it more than that now?

Mrs. COSTELLO. I do not have the latest figures on that, sir. We do try to monitor that, as you know. We have been working on that for several years. It is a chronic problem for us.

Senator INOUYE. Most people here are not aware that our service personnel are below the poverty level. Yet we call upon them to place themselves in harm's way. One would think that the least we can do is to give them something above the poverty level.

So, Admiral McDaniel and Mrs. Costello, I thank you both, and through you I thank all of those who work with you in providing family support. Without that family support, I do not think our men and women would have served as well as they did in Desert Storm.

Mrs. COSTELLO. Thank you, sir; thank you for caring.

Senator INOUYE. Thank you very much.

Now as our last witness, I am going to call upon the acting director of the Department of Veterans Affairs in Hawaii, Mr. Barry Raff. We are very fortunate in the partnership that has developed between the Department of Veterans Affairs and Tripler, a partnership that can only grow in significance when the new VA facility is built here on this Tripler ground. So, I welcome you here, sir, and look forward to your comments.

Mr. Raff.

STATEMENT OF BARRY RAFF, ACTING DIRECTOR, DEPARTMENT OF VETERANS AFFAIRS, REGIONAL OFFICE AND OUTPATIENT CLINIC

Mr. RAFF. Thank you, Mr. Chairman.

In the interest of time, I will not read my written testimony and just submit it for the record and briefly make some opening comments and to clarify some of the questions that were asked.

Currently the VA outpatient clinic operates in the Federal building in Honolulu providing outpatient care to the veterans. We have recently opened four primary care clinics colocated with vet centers on the neighbor islands. Most of the inpatient care is referred to the community or performed here at Tripler. It is roughly 50 percent in the community and 50 percent through the State facilities or the community facilities. Currently the VA/DOD sharing agreement calls for a broad ranging sharing of all services. This is a long-standing arrangement, as General Seitter referred to, that has been ongoing since 1933.

In 1988, we formed a VA/DOD sharing agreement which formally reimburses Tripler approximately $5 million a year for the services performed here. It is a very supportive arrangement. Tripler has gone out of their way to try to help the VA in areas that they can help us with, which are obviously numerous. They have established a chronic care ward for us here, which helps solve some of the issues of patients not being able to be placed in nursing homes. They have helped us with biomedical engineering, and we have got an integrated quality assurance system. And I think that is real significant, as Secretary Mendez mentioned, quality assurance. We have here a local, integrated VA/DOD quality assurance mechanism that we regularly meet, routinely discuss cases.

As we progress from just a sharing agreement into a true joint venture, we have had concept of operations defined. General Seitter and I have signed it and submitted it to our headquarters for approval. And this outlines the assumptions, the goals and the objectives of what we perceive here locally in the joint venture.

The joint venture will call for 105 medical beds, 60 nursing home beds, a free-standing outpatient clinic, a VA regional office, and various administrative offices. We will be firmly integrated with the University of Hawaii and the Tripler teaching program. We plan to have a residency, intern, major research programs, et cetera. It will be an integrated facility.

Currently, what has been done is an analysis of E wing by the VA architect engineering firm, Architects Hawaii, Ltd., very limited in scope as far as services, very thorough in as far as the utility—the engineering systems and the seismic concerns.

The next plan is to work out the integration of services between the VA and Tripler in what will the VA provide for itself, what will be shared with Tripler, and what will be housed in the VA as opposed to Tripler. That is currently undergoing discussion right now. We have a broad outline of this and we are currently working on the detailed services.

One item I would like to clarify is General Seitter's comments about the timeframe for E wing. The timeframe that he proposed or that he alluded to, 12 to 18 months, is after all the planning is done. When we are ready to break ground and start doing something in E wing, it will take 18 months. Before that time, the planning for this is an integral part.

It is very, very important that we plan for E wing what the VA is going to have in E wing, and to use, as an example, a sophisticated CT scan. If the VA is going to have their own CT scan, obviously that needs to be built into E wing. If Tripler is going to do and perform that service for the VA and the VA can get a guarantee that the veterans will get treated and that the veterans will not be turned away or that the VA needs will be taken care of, then we do not need to build that in E wing.

That is the component that we are looking at right now, and it is probably the most critical. We are looking at operating rooms. We are looking at central supplies, all the ancillary services that will need to be performed. Obviously, the VA will have to build into that if Tripler cannot perform it. If Tripler can perform it, the VA does not need to build it in. That is not an easy process to undergo.

After we get through with that, presumably which will be in the next 3 to 4 months, all that material will go to the architect engineer. The architect engineer will then come up with a conceptual design of what should be housed in E wing: Should there be a building abutting E wing between C wing behind E wing and what should be housed in there. After all that is done, planned and designed, and it gets through the process of the contract, the contract is audited. This is normally a 1½- to 2-year process undergoing all the planning documents and appropriations for that. Then, when construction starts, it is 2 years. So that is a process that we are undergoing now and that is most of the reason for the delay.

Right now, 1993 is the projected year for the design funds, and Secretary Dowensky has indicated that the project will not slip. We are doing everything we can here locally to keep the project on a fast track and the folks in Washington are attempting to do the same. Budget problems notwithstanding and the VA's appropriation for construction budget, that will be the thing that causes it to slip more than anything.

The question on the use of the Corps of Engineers has not been determined yet. It appears that the VA will give the Corps of Engineers a contract to look at the renovation of the 12-acre site and the buildings that need to be moved off the 12-acre site. That has not been done yet, but it looks like the VA will do that.

There is also talk in the VA, if a contract has not been let for an environmental impact study already, to look at letting the Corps of Engineers also do the environmental impact study. Those are the only two Corps of Engineer involvement that I am aware of that the VA is discussing now, and the VA has an office of facilities. The VA has already contracted with an architect engineering firm here locally. So beyond the Corps of Engineers' involvement in those two areas, that is all that I am aware of that the VA is contemplating.

That concludes my prepared remarks. I would be glad to respond to any of the questions that were directed to General Seitter. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF BARRY G. RAFF

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to be here with you today to discuss the current VA health care delivery system in Hawaii; our relationship with Tripler Army Medical Center; and future plans to improve the delivery of health care services to veterans in Hawaii and the Pacific Basin. This hearing is particularly timely in view of our recent military success in the Persian Gulf.

CURRENT STATUS OF VA HEALTH CARE SERVICES

As you know, Mr. Chairman, the VA currently provides outpatient services in Hawaii at the Honolulu VA Outpatient Clinic (VAOPC), which is located in the Federal Building in downtown Honolulu. The clinic is collocated with a Veterans Benefits Administration (VBA) Regional Office and is responsible for VA health care benefits for veterans in Hawaii, Guam, American Samoa and the Northern Mariana Islands.

The Honolulu VA Clinic provides general medical and psychiatric services with a total of 63,426 visits provided by VA staff in Fiscal Year 1990. In addition, the VA has established community-based, primary care clinics on the Neighbor Islands of Maui, Kauai, and Hawaii (at both Hilo and Kona). There is also a VA community-based clinic on Guam. These facilities are all collocated with Vietnam Veteran Centers. The Honolulu Outpatient Clinic coordinates and pays for outpatient fee basis care in the community for all eligible veterahs in our jurisdiction. There were 26,271 such fee visits provided in Fiscal Year 1990, at a cost of $3 million.

Tripler Army Medical Center (TAMC) in Honolulu serves as the primary Federal referral hospital for veteran beneficiaries in Hawaii and the Pacific Basin. Guam U.S. Naval Hospital serves as an inpatient facility for veterans in Guam. The VA calls upon contracts with community hospitals for specialty medical services that may not readily be available through these facilities. State hospital facilities also provide inpatient services for veterans in Hawaii. U.S. mainland VA medical centers are referral sites for organ transplants, spinal cord injury, and post-traumatic stress disorder. The Palo Alto VA Medical Center is the primary referral resource for these services. On the neighbor islands, the state hospital system is the most common provider of care for veterans.

In Fiscal Year 1990, the VA had an average daily census of 40 veterans hospitalized at Tripler Army Medical Center and Guam U.S. Naval Hospital (38 TAMC; 2 Guam). Our contract hospital average daily census in community and state hospitals for Fiscal year 1990 was 27 veterans. The total cost of this contract hospital was in excess of $15 million. Additionally, in Fiscal Year 1990, we supported an average daily census of 20 veterans in community nursing homes at a cost of $900,000.

VAOPC/TAMC SHARING AGREEMENT

Senator Inouye, the positive relationship between the VAOPC and Tripler Army Medical Center, is a long standing one dating back to 1933. It has evolved into a very strong and supportive relationship with a far-reaching, innovative, sharing agreement. Basically, Tripler is providing most in-patient care and specialty outpatient clinics to VAOPC patients at a very competitive rate. This relationship is beneficial for the veteran and taxpayer alike. Staff at both facilities meet regularly to discuss patient care issues and possible improvements to the sharing agreement. Tripler officials have been very supportive of the VAOPC and of the VA staff which are currently working at Tripler. Beyond the sharing agreement, however, has been the willingness of Tripler officials to assist and facilitate availability of needed service to veterans. Actions such as providing a chronic care ward, a "Health Care" finder, computer and lab communications, are a few of the many efforts Tripler has taken to augment the availability of health care to veterans. We expect this open communication and cooperation will continue and flourish as the Joint Venture progresses.

JOINT VENTURE PLANNING

Taking advantage of the relationship between the two facilities and in keeping his promise to provide an identifiable VA medical center for Hawaii's veterans, the Secretary of Veterans Affairs announced his intention for a Joint Venture between the Honolulu VA and Tripler Army Medical Center. Historical events and current circumstances continue to support constructing this VA medical center as part of a Joint Venture, in order that health care services to Hawaii veterans will be provided directly by VA staff in the most efficient and cost effective environment.

This facility will provide 105 primary/secondary level beds in medicine, surgery, and psychiatry; 60 nursing home beds; a full-service outpatient clinic which would provide approximately

100,000 visits per year; a Veterans Benefits Administration Regional Office; a District Counsel Office; and other administrative facilities. Tripler and community facilities will continue to provide certain tertiary and specialty services. Educational and research activities are deemed integral components of this new facility and will be realized through an active affiliation with the University of Hawaii School of Medicine. In addition, the VA also expects to assist Tripler in areas in which our assistance can be provided. For example, there have already been discussions in which the VA can provide expertise in our long term care specialties, particularly geriatric medicine and geriatric psychiatry. We also expect our affiliation with the University of Hawaii Schools of Medicine and Public Health to expand educational opportunities for Tripler staff as well as VA staff. We will explore all areas in which VA may offer services to Tripler.

The first meeting of the VA/DoD Joint Planning Team was held at Tripler on September 24-28, 1990. The meeting focused on two agenda items:

A. Development of a "Concept of Operations" which outlines the underlying assumptions, goals and objectives of a successful VA/Tripler joint venture, by examining mutual needs and identifying all clinic and administrative programs and services for potential sharing.

B. Initiation of economic, technical and logistical analyses of pertinent Tripler facilities and property, particularly E-wing and a 12-acre site (which Tripler has identified for VA use), to determine the best possible mix/use of new and existing facilities.

The meeting was very productive and a positive "can do" attitude was established for all subsequent meetings. Work is continuing on a profile of services currently available and projected for the joint venture operation which will serve as the basic planning guide for space programming purposes; sharing agreements; and construction project design development. Architects Hawaii Ltd. has been retained by the VA as the architect/engineering firm for the project and has recently completed a technical and functional analysis of Tripler's E-Wing targeted for VA occupation.

Local VA and TAMC personnel are continuing a more detailed evaluation of all clinical, administrative and support services toward the development of space programming. A team from VA Central Office met with representatives from the VA Outpatient

Clinic and Tripler Joint Venture last week to finalize as much as possible the initial components of the facility planning process.

This space and programmatic information will be provided to the architect/engineer firm which will then assist us in determining the optimum use of E-wing, the 12-acre site and any other pertinent Tripler facilities. The logistical, economic and capital investment aspects of this Joint Venture will be presented to VA Central Office for final decision and approval.

Senator Inouye, this planning and conceptual phase is very critical to the project development and design process and ultimately to the expeditious implementation of this Joint Venture. While there are certainly many complex facility and operational issues to be resolved, the benefits of this partnership to both VA and DoD patients are significant. We view the Joint Venture as the best possible solution to providing the finest medical care available to VA and DoD beneficiaries.

Local discussions have suggested that the Joint Venture facility be named the HAWAII FEDERAL MEDICAL CENTER and reflect the separation with signage identifying TRIPLER ARMY MEDICAL CENTER AND THE SPARK M. MATSUNAGA VA MEDICAL CENTER. The VA is committed to ensuring a separate identity for the Spark M. Matsunaga VA Medical Center component of the Joint Venture. Most certainly, there will be substantial sharing of services, particularly highly specialized clinical programs and some administrative support functions, i.e., security, housekeeping, engineering, and laundry. Veterans may be assured that regardless of construction plans, there will be separate facilities constructed or renovated for VA operations and veteran patients will be cared for in modern VA facilities by VA staff.

While this long term planning is underway, we are also exploring the potential for the near-term utilization of Tripler beds to currently enhance inpatient services to veterans and to establish an experimental base for the full range of Joint Venture activities to come. We are currently discussing with Tripler officials the operational possibilities for the potential use of Tripler beds by VA.

DESERT STORM SUPPORT

Again, I want to applaud the timeliness of this hearing in view of our country's military successes in Operation Desert Storm. The men and women who represent the very best of the United States armed services should know that VA stands ready to meet our motto, "... to care for him who shall have borne the battle, and for his widow and orphan." During the buildup of American troops in the Persian Gulf, plans went into effect for the potential use of the Veterans Health Service & Research Administration's facilities to provide back-up medical support to the Department of Defense health care delivery system. VA Medical Centers across the country were prepared well in advance to meet this critical need. Fortunately, the success of the air and ground offensive and surprisingly light casualties negated the necessity of activating the VA-DoD contingency plan. However, I firmly believe the exercise assured VA's readiness and ability to deliver medical and administrative assistance to armed services personnel who may have suffered injury in battle. While the Honolulu VA Outpatient Clinic did not participate directly in the readiness plan, we kept in close contact with Tripler officials to assist in any way possible to smooth the process of accepting and treating American casualties.

Senator Inouye, I would be remiss, if I did not mention the role of our Veterans Benefits Administration Regional Office in meeting the needs of potential veterans from Operation Desert Storm. The Veterans Services Division of the Honolulu Regional Office are willing and able to provide staff and resources to local military facilities to conduct pre-separation/pre-retirement briefings to military personnel and their spouses. These briefings would consist of a general overview of VA programs and services available to these potential veterans. Services available include education benefits, compensation for service-connected injuries/disabilities, home loan guaranty, vocational rehabilitation benefits, medical benefits, and other community resources that may be of assistance to these separated military personnel and retirees. Claims for benefits will continue to be processed expeditiously.

Sadly, our Regional Office did have four death claims as a result of Operation Desert Storm. Two of the claims for VA Dependency and Indemnity Compensation were processed by our staff on Guam and two on Oahu. While this is one of the most painful claims that our staff may process, it is also one of the most fulfilling; to assist the family of a deceased serviceman or servicewoman, in meeting their future financial needs. This is the very reason why the Department of Veterans Affairs exists.

Senator Inouye, that concludes my prepared remarks. I will be happy to respond to any questions that you or the other members of the subcommittee may have.

Senator INOUYE. Thank you, Mr. Raff. I am very pleased to hear from you that you are satisfied with the working relationship that has developed as a result of planning for the Matsunaga facility.

SCHEDULED OPENING

According to what you have just said, under the best case scenario, it would take 3 years for opening day, 18 months for planning, designing, and 18 months for construction, 3 years from now?

Mr. RAFF. For the free-standing, looking at E wing, for the long range, yes, it will take at least 2½ years of planning before construction begins. And that was the original timeframe.

What we are looking at doing right now is, the sharing agreement that we have right now with Tripler, we have got VA staff physically located in Tripler. We have got five people on their psychiatry ward who treat primarily veterans. We have got a nurse finder. We have got various staff that the VA pays for located here. What we are looking for now is how to enhance that.

So we have a two-pronged attack. One is the long-range plan that calls for the free-standing Matsunaga Medical Center located in E wing, located as a free-standing outpatient clinic and a nursing home which will be self-contained, VA-run, VA-operated, in conjunction with Tripler and having sharing agreements.

The near-term plan is to try to increase VA presence in Tripler. And right now, as we speak, our psychiatry staffs are looking at how can we do that. A few of the items under discussion that have not been firmed up yet are to have a VA ward here, to have an intake ward where most of the psychiatry patients will go to an intake ward, and go to the wards, a VA ward, perhaps go to an active duty ward if they are active duty.

And we are looking at also establishing a geropsychiatry unit in conjunction with Tripler involving the University of Hawaii and the VA in a tripartite. As was referred to from the veterans, that is one area that we can help Tripler with is geriatrics and we are looking at trying to do that.

A lot of the dual diagnosis patients right now are cared for in the community as opposed to here in Tripler. So our chiefs of psychiatry are trying to come up with a plan. We will probably have some nurses, we will have some occupational therapists, physical therapists, a lot of ancillary support, as well as physicians.

General Seitter alluded to the real problem of having two people work side by side. And one of the things we have found out from the Albuquerque joint venture is it really does not work when you have got nurses on the same ward paid by the VA getting *x* amount of vacation and salary, and their counterparts working in DOD getting a different set. The personnel offices are working with that and basically trying to get title XXXVIII authority to the Army as VA has to hire nurses. That may be a real stumbling block in getting something established where VA nurses are working side by side with Tripler nurses. We have two different pay systems, and it is going to change substantially in April when the VA new nurse pay system comes into play.

So I see substantially more sharing in the near term, in the next 6 months, 8 months, year at Tripler, VA staff located here, perhaps a VA ward located here, and a commitment from Dr. Holsinger that the resources will come to Hawaii to make that happen. The long-term plan, though, will take, as you say, 2½ years to plan this thing out and actually break ground. I do not see that speeding up.

Senator INOUYE. It may interest you to know the committee is presently looking into the difference in pay schedules for Indian Health Service, Public Health Service, VA, and the military. I am certain it comes as no surprise, the nurses and doctors in Indian Health Service are the lowest paid although they do the same job.

The outpatient clinic for veterans is presently in the Prince Kuhio Federal Building. As in any endeavor, I have received complaints. I would say that 95 percent of the complaints that I get from those who use the outpatient clinic is the lack of parking. They are not worried about the service, parking. I can understand that because people who come to visit my office have that as No. 1 complaint: "Where do I park my car?"

PARKING SITUATION

Keeping that in mind, are we going to have enough parking here for the outpatient?

Mr. RAFF. Yes; the plan definitely addresses parking. The concerns we see downtown at the Federal building are basically nonexistent at Tripler. Even with the current configuration, the VA plan is to have parking here. The outpatient clinic located on the side abutting F wing and the rear of the building is the plan right now; that is a parking area. There is parking there. The VA will have to expand that and surface level parking will be provided, if not a parking garage. That is under discussion with Tripler.

The situation at the Federal building is there is no parking in the area and that is the No. 1 complaint that I get in the suggestion box from patients. And it has been alleviated somewhat. I do not want to appear as if the issue has been resolved with a 100 and so parking places for the whole Federal building. It is not going to be resolved short of having a Federal parking garage there. There is no parking around the area there. Even if you are willing to pay $10 or $6 a day, there is no parking available. So I am afraid that situation is going to get worse before it gets better.

TRAVEL COSTS

Senator INOUYE. We have a rather unique situation in the State of Hawaii. Most other States are made up of one large land mass. Here, we have several islands and we have veterans living on all of the islands. One of the complaints that I am constantly receiving is their perception that they are not receiving timely service, that they have to travel long distances.

No. 1, do these veterans have to pay for air transportation?

Mr. RAFF. If we ask a veteran to come into Honolulu for a comp and pension exam or an exam, we will reimburse the air fare. That is part of the Hawaii initiative that started in 1987.

Senator INOUYE. What if I feel pains in my stomach and so I decided on my own initiative to come in?

Mr. RAFF. To come in to Honolulu?

Senator INOUYE. Yes.

Mr. RAFF. It depends on if your service connected or not and if we refer you out. If you are eligible, we pay travel.

And what we have done in the past is not be bureaucratic. My policy is that we cannot always do what other mainland facilities do. And a lot of times we do what is right, not what necessarily what may be technically correct according to regulations or what practices are on the mainland.

For the most part, though, we have got primary care clinics on the neighbor islands. And what we encourage veterans to do is to go into the primary care clinics and, obviously, if it is an emergency situation, they will go to a neighbor island facility, one of the State hospitals. They will get authorization from the VA, and as long as it is done in 72 hours the VA will reimburse the veteran and the hospital.

And that has been an issue that has surfaced in the 3 years that I have been here. And what I have tried to do is ensure that it is not the hospital's decision whether or not somebody is treated as a veteran, that it is the veteran's decision. And much like what is done here, when a patient comes into Tripler, if he happens to be a retiree, he should elect, or she should elect, whether they are treated as a retiree or a veteran. And once they make that decision, that is their decision.

I know in the past it has not always been the veteran's decision. It has been what is best for the hospital, what is the quickest way to get reimbursement, et cetera. And that is what we are trying to institute. And we have had a number of discussions with the Office of Veteran Services through the State facility to try to encourage that and make sure that happens: It is the veteran's decision.

Senator INOUYE. Can you provide the committee with a detailed report on the rules and regulations relating to veterans and how it affects them on receiving services? I am talking about those on the outer islands. Maybe a comparison between services that outer islanders receive as compared to what veterans in other States receive and the cost involved.

Mr. RAFF. Yes, sir; we will.

Senator INOUYE. Well, Mr. Raff, I thank you very much. I thank you very much. I look forward to working with you and with Tripler in continuing this fine relationship that you have developed, and we look forward to the day when we can participate in another dedication, this time for the Matsunaga Veterans facility. So I thank you very much.

Mr. RAFF. Thank you, Mr. Chairman.

Senator INOUYE. I would like to say on behalf of the committee that we are most grateful to all of the witnesses who appeared before the subcommittee today. The insights you have provided will be of great value as we proceed in our examinations of the fiscal year 1992 budget for the Department of Defense.

ADDITIONAL PREPARED STATEMENTS

Senator INOUYE. A number of interested individuals, unable to present oral testimony, have submitted prepared statements. Without objection, they will appear at this point in the hearing record.

[The statements follow:]

MEMORANDUM FROM ZOILO A. KUPUKKA, COMMANDER, VETERANS OF FOREIGN WARS, DEPARTMENT OF HAWAII

March 27, 1991

MEMORANDUM

TO: THE HONORABLE U.S. SENATOR DANIEL K. INOUYE, CHAIRMAN AND MEMBERS OF U.S. SENATE SUB-COMMITTEE ON DEFENSE APPROPRIATION

FROM: ZOILO A. KUPUKAA, COMMANDER, VETERANS OF FOREIGN WARS, DEPARTMENT OF HAWAII

SUBJECT: V.A. HOSPITAL

The Veterans of Foreign Wars has over 2.1 million members nationwide. And they get-together twice each year - Washington Conference in March and National Convention in August. I have now attended 12 of these gatherings and served in many committees with my fellow veterans (we call them comrades) from sister States.

I've learned that one of the most useful and meaningful programs is offered by the VA hospitals. I am always envious of my fellow comrades who often speakof VA hospital facilities in their States, some glowingly, and some not too glowingly. But I am envious because they have such facilities; and we don't.

Hawaii is one of the only two States without a VA hospital. Alaska is the other. Hawaii's veteran population is over 100,000. Alaska has less than one-half of ours. The most important point is that the need for VA hospital facilities grow greater, as the veterans grow older. Most of the World War II veterans are past 70, and the Korean War veterans are past 60. The need is urgent.

There are the Viet Nam veterans, and now, the Persian Gulf veterans are coming home. For them, as well as, for us "old foggies," please convince the federal bureaucracy to restore the funds needed to construct the Spark M. Matsunaga V.A. Hospital. Hawaii's rapidly aging veterans need the V.A. hospital, and they need it NOW.

Hawaii has sacrificed more than her share in past wars. WW II began here in Hawaii. Hawaii sacrificed over 400 young men and women in Korea. And in Viet Nam, more than 300 of our men and women gave their lives. For Hawaii's size, these are truly a major sacrifice.

And isn't that the essence of these United States? We all make sacrifices together so that we can all benefit together. A V.A. hospital in Hawaii will at long last provide the rightful benefits to the veterans in Hawaii.

Thank you very much.

LETTER FROM ELIJAH BRENT A. MONROE, SERVICE OFFICER, AMERICAN LEGION POST 19

TO: "HONORABLE" SENATOR DANIEL INOUYE

FROM: ELIJAH BRENT A. MONROE
(V.F.W. POST #94 SERV,OFF. AND AMER. LEG #19)

DATE: WEDNESDAY, MARCH 27, 1991 9:30 A.M. (SUNNY DAY)

SUBJECT: (THE "SPARK MATSANAGA"VETERAN HOSPITAL)

91 MAR 27 PM 2:59

DEAR HONORABLE SENATOR INOUYE:

I WISH TO CONVEY MY WHOLE HEART SUPPORT THIS V.A. HOSPITAL!!! AND AS THE SERVICE OFFICER OF MY V.F.W. POST # 94, THE POST OF OUR BELOVED COMRADE SENATOR MATSANAGA, I WISH TO STATE TO YOU, THE SERVICE OFFICER'S MOTTO: HONOR THE DEAD, BY SERVING THE LIVING!! WHEN I VOLUNTEERED TO REPRESENT MY V.F.W. POST# 94, AS HONOUR GAURD AT THE STATE CAPITAL, (TWENTY-FOUR HOUR) PUBLIC MOURNING, AND I WENT DOWN THERE FROM 10:00P.M (22:00HR'S) TO 11:00A.M. THAT FOLLOWING DAY, I WAS TRUELY SURPRISED TO SEE"THE THOUSANDS" OF HAWAII'S PEOPLE COME OUT IN THE EARLY MORNING HOURS TO PAY LAST RESPECTS FOR THIS GREAT MAN!!!!! PLEASE HONOUR THE DEAD, BY SERVING THE LIVING!!! AND LET THE HONORABLE SENATOR MATSANAGA'S SPIRIT REST IN PEACE, BY FULFILLING HIS DREAM OF ESTABLISHING A VETERANS HOSPITAL, HERE IN HIS NAME!!!! BOTH THE V.F.W AND THE AMERICAN LEGION, SAY FOR GOD AND COUNTRY: AND WITH THIS I STATE TWO BIBLE PASSAGES: THE FIRST IS HAGGAI 1:7&8:"THUS SAITH THE LORD: CONSIDER YOUR WAYS;GO UP TO THE MOUNTAIN, AND BRING WOOD, AND BUILD THE HOUSE, AND I WILL TAKE PLEASURE IN IT, AND I WILL BE GLORIFIED; SAITH THE LORD AND THEN FROM NEHEMIAH 2:18; AND THEY SAID:"LET US RISE UP AND BUILD, SO THEY STRENGTHEN THEIR HANDS FOR THIS GOOD WORK" SO PLEASE RISE UP AND BUILD, FOR THIS TRUELY IS A GOOD WORK!!! PLEASE REMEMBER THE MOTTO
****
OF THE 442, WHICH THE HONORABLE SENATOR MATSANAGA SERVED WITH: GO FOR BROKE!!! I AM STUDYING FOR A NURSING DEGREE, AND I WILL
****
VOLUNTEER MY TIME FOR THIS GOOD WORK, AS I CURRENTLY VOLUNTEER WORK AT BOTH V.F.W. & AMERICAN LEGION .... SINCERELY YOURS:

(P.S. ON THE BACK)

Elijah Brent A. Monroe
ELIJAH-BRENT A. MONROE

P.S. PLEASE IF YOU SHOULD SEE GOVERNOR JOHN WAIHEE, PLEASE ASK HIM TO SIGN THE "RUTHERFORD AMMENDMENT" TO THAT S.B.-1811, AND ALLOW THE CHURCH'S THAT DONT BELIEVE IN SEXUAL RELATIONSHIPS OUTSIDE OF THE MARRIAGE OF A MAN & WOMAN!!! FOR THIS TRUELY IS THE UNITED STATES CONSTITUTION-AL RIGHT, AND ALLOWS FOR THE SEPERATION OF CHURCH AND STATE (AS TWO LETTERS I HAVE SENT TO YOU LAST WEEK HAVE STATED!!!!) FOR I WILL CONTINUE WORKING HARD AND SERVING IN VOLUNTEER WORK FOR SENIOR CITIZENS, THE V.F.W. DEPT.OF HAWAII AND THE AMERICAN LEGION, AS WELL AS TRYING TO GET INVOLVED WITH ONE OF HAWAII'S HOSPITAL VOLUNTEER PROGRAMS, AND CONTINUE MY STUDY'S IN COLLEGE, FOR MY NURSING A/S RN DEGREE, TO FULLY SERVE MY COMMUNITY, STATE AND NATION!!!! I WILL HONOR THE DEAD, BY SERVING THE LIVING!!!! GOD BLESS YOU SENATOR INOUYE AND MAY GOD BLESS - AMERICA AND HAWAII!!!!!!!!

YOUR COMRADE IN ARMS:
Elijah-Brent A. Monroe
ELIJAH-BRENT A. MONROE
KAHUNAH-YAVH-HOShea
KAHUNAH-MELCHIZEDEK

LETTER FROM JOHN E. HUNTOON, CAPTAIN, AUS RETIRED

91 MAR 26 PM 1:55

1515 Nuuanu Avenue
Queen Tower 130
Honolulu, Hi 96817
25 March 1991

Honorable Daniel K. Inouye
300 Ala Moana Blvd.
Honolulu, Hi 96813

Dear Senator Inouye,

If I were to testify at the hearing to be held at Tripler Army Medical Center on 27 March 1991, this is what I would say:

"When I enlisted in the Army in 1937 privates were paid $21.00 per month (actually it was $20.75 - 25 cents went to the Old Soldiers' Home). We were told that if, for 20 years or more, we would accept lower pay than we could earn as a civilian, live in sometimes uncomfortable situations and places, and sometimes be in danger, we could retire. Our retired pay would be based on current active duty pay, we would receive medical care, and we would have commissary and exchange privledges.

"Our retired pay has not been based on active duty pay for a long time, and we are now being denied medical care in many situations.

"The loss of medical care for those who are farther along in years causes a serious financial burden. Since we believed we would receive medical care, we did not take out health insurance. To do so now makes the cost prohibitive.

"There is not much left to be taken from us!

"Now, when I am asked by someone if they should make a career of the military service, I say: 'Yes, but don't believe any promises they make - the promises will be broken!'"

Sincerely yours,

John E. Huntoon

John E. Huntoon
Captain, AUS Retired

STATEMENT OF LAWRENCE S.K. LEE, DIRECTOR, STATE OFFICE OF VETERANS SERVICES, DEPARTMENT OF DEFENSE

Mr. CHAIRMAN, SENATOR AKAKA, REPRESENTATIVE ABERCROMBIE AND REPRESENTATIVE MINK:

I AM LAWRENCE LEE, DIRECTOR OF THE OFFICE OF VETERANS SERVICES. I WOULD LIKE TO THANK YOU FOR THIS OPPORTUNITY TO SUBMIT WRITTEN TESTIMONY ON BEHALF OF APPROXIMATELY 100,000 VETERANS IN HAWAII. I ALSO THANK YOU FOR CONDUCTING THIS IMPORTANT HEARING HERE IN HAWAII, AND AFFORDING YOUR FELLOW DESERVING VETERANS THE OPPORTUNITY TO PARTICIPATE IN THE HEARING PROCESS.

MAJOR GENERAL GIRARD SEITER AND HIS ENTIRE STAFF AT TRIPLER ARMY MEDICAL CENTER ARE TO BE COMMENDED FOR THE QUALITY OF SERVICE THEY HAVE PROVIDED TO OUR VETERANS IN THE ABSENCE OF A VETERANS MEDICAL CENTER. THEY HAVE ACCOMMODATED OUR VETERANS WHEREVER POSSIBLE, AND HAVE EXPRESSED, THROUGH POSITIVE ACTIONS, A SINCERE CONCERN FOR THEIR MEDICAL CARE.

WE URGE YOUR CONTINUED SUPPORT AND GUIDANCE TOWARDS INSURING THAT ESTABLISHMENT OF THE SPARK MATSUNAGA VETERANS MEDICAL CENTER IS EXPEDITED. HAWAII'S VETERANS HAVE WAITED FAR TOO LONG FOR THIS DREAM. AS OUR VETERAN POPULATION AGES, THE NEED FOR IMMEDIATE ACTION IS MORE CRITICAL. WE COMMEND THE DEPARTMENT OF DEFENSE AND THE DEPARTMENT OF VETERANS AFFAIRS FOR THEIR CONTINUED COOPERATIVE EFFORT IN DESIGNING THIS "SHARED" FACILITY AND WE FEEL CONFIDENT THAT WITH ALL PARTIES STRIVING FOR THE WELFARE OF OUR VETERANS, THIS CENTER WILL BECOME A REALITY.

ON BEHALF OF THE VETERANS OF HAWAII, AND A GRATEFUL STATE, THANK YOU.

STATEMENT OF HENRY E. LAMB, SR., ASSISTANT DEPARTMENT SERVICE OFFICER, THE AMERICAN LEGION

25 March 1991

91 MAR 25 AM 11:29

Office of the Service Officer
Telephone (808) 541-3409

Senator K. Inouye
Room 7325, Prince Kuhio Federal Bldg
Honolulu, HI 96850

SENATOR, MAHALO for the opportunity to place in the record The American Legion Department of Hawaii's official stand on the new Veterans' Medical Center for Hawaii. (VAMC)

We are aware of the critical need for a VAMC here in our state and have been promised one since 1987, but even as we are writing this letter a fact finding committee is meeting at Honolulu VARO. Due to past experiences we are concerned this committee is judging the facts to approve the VAMC and not searching for facts to deny the hospital as other committees have done in the past, i.e., Agent Orange studies, etc.

The veterans of the State of Hawaii are entitled to the care of their war wounds and related sicknesses here, repeat here in their home State at a facility that is dedicated for that purpose.

The LONG TIME CARE UNIT is critical because the lack of nursing beds even in the private sector.

We are quite concerned that the VA budget for FY 1992, in the amount of $654M, contains no funds for Hawaii's VAMC while it does contain several projects in other states where there is multiple VAMC's.

Let the Congress of the United States know what the veterans of Hawaii ask is not a handout, but is something that they have earned and are entitled under U.S. Code 38 ... and not having a VAMC in Hawaii makes this entitlement unattainable.

We are concerned that some of the new members of Congress are not aware of the sacrifices made by the veterans of their country and are continually cutting the VA benefits such as the 1990 Ombussman Bill where they saw fit for the firt time to require a Mean's Test for a service-connected disabled veteran, i.e., the 100% disabled veteran who is incompetent, has no dependents and over 25,000 dollars in assets; and also the lack of care to our Category B & C veterans.

Senator, in closing we ask you and your committee to see that the veterans of Hawaii receive all their VA entitlements and the "Spark Matsunaga VA Medical Center" is approved and construction started soon. Everyday of delay is putting a hardship on our veterans.

As proven by DESERT STORM our military forces are "ready at all time" to make this sacrifice of life, medical disability and their property to see that our country continues to be strong and free. We believe it is time for the Congress of the United States to forego all other obligations and put the veteran's entitlement PRIORITY #1.

Patty Bird	
PATTI BIRD	HENRY E. LAMB, SR
Department Service Officer	Asst Department Service Officer
The American Legion	The American Legion

STATEMENT OF HAROLD FUKUNAGA, PRESIDENT, 442D VETERANS CLUB

The Honorable Chairman:

Thank you for this opportunity to offer a testimony in support of completing the planning process to design and construct the SPARK M. MATSUNAGA VA MEDICAL FACILITY on the campus of the Tripler Army Medical Center.

I am speaking behalf of our membership, many of whom are deeply concerned with adequate and continued health care services offered by VA. It is our judgement that the current health care system for veterans can be vastly improved with the establishment of such a facility. It will provide a high priority health assistance program to those in need. In addition, with the completion of such a VA facility, Hawaii will, once again, be placed on "par" with similar institutions in others states.

It has be a long time since the concept of an VA health care facility emerged. We are pleading now and more earnestly, the need to move ahead and complete the planning process, including an adequate funding base for design and construction commitments.

As Sparky told us in the past, "...for too long, the health care needs of our Hawaii's veterans were not met adequately nor fully recognized." To us, it was a long-term neglect.

Therefore, we must begin to move again.

With this hearing, we strongly urge your Committee to support the need to complete the planning process and help establish the facility in the near future. The time and timeliness of this issue requires such an attention.

Thank you again for the privilege to appear before you.

LETTER FROM GEORGE R. SUSTERICH, COMMANDER, POST 2, THE AMERICAN LEGION

POB 554
Hanapepe, Kauai
Hawaii 96716
March 26, 1991

HONORABLE DANIEL K. INOUYE
UNITED STATES SENATE
Room 722, HART SENATE OFFICE BUILDING
WASHINGTON D.C.

Senator Daniel K. Inouye:

I am writing this testimony relevent to the SPARK M. MATSUNAGA VA Medical Facility scheduled for construction, and the renovation of Wing E as a VA Hospital, at the Tripler U S Army Hospital complex.

It is a benifit that the Veterans of the State of Hawaii have long felt the need of, and are eagerly awaiting for our Congressional Senators and Representatives "To bring home the bacon" By its accomplishment.

The Veterans of the Island of Kauai know that funds are tight but we also know that good things don't come easy. We can only tell you to "Go For Broke"

Mahalo Nui Loa

George R Susterich
George R. Susterich, Commander
Post 2 The American Legion

STATEMENT OF DONALD J. WOROBE, PAST DEPARTMENT COMMANDER, DISABLED AMERICAN VETERANS, HAWAII

Senator Inouye, distinguished members of the Subcommittee and those distinguished witnesses appearing before this Subcommittee, I am deeply proud and honored to offer testimony to this hearing on the subject of Tripler Army Medical Center's health care system and the status of the Spark M. Matsunaga VA Medical Facility.

In 1987, when as Department Commander of the Disabled American Veterans, Department of Hawaii, I offered testimony before the Senate Committee chaired by our distinguished late Senator, Spark M. Matsunaga, concerning the health needs of Hawaii's over 100,000 veterans of all wars. I spoke to the need of an independent free standing VA Health Care Facility for Hawaii's veterans and those veterans of the Pacific Island communities. I called to the distinguished Senator's attention that we were over 40 years late in recognizing our health care needs and addressing them through the only agency available to us, the Veterans Administration. Sparky in his opening comments spoke to those issues and iterated that he would do all within his power to see that our health care needs would be met, not only on Oahu with a free standing VA Medical Facility, but with clinics on the neighbor islands for our veterans residing therein. Sparky's concept has become somewhat a reality in that there are clinics presently located on the neighbor islands, with some degree of faults, but to date the majority of veterans in Hawaii, those living on the island of Oahu, are limited to the 65 beds available to the VA at Tripler.

Senator Inouye, we have listened to the testimony of General Seitter, and Mr. Raff representing the Veterans Adminstration, as to the future plans for the construction of a free standing VA Medical Facility, and the renovation of E-Wing at the present Tripler Army Medical Center. I have lived in Hawaii for over twenty years and have witnessed the renovation of E-Wing taking place for about the last four or five years. There seems to be no urgent plans in the offing to expedite renovation of E-Wing, but the priorities seem to be addressed to other areas, such as dressing up the entrance to the facility, and the several parking areas. It is all well and good for the General to have an attractive entrance to the facility, but are we really concerned with such aesthetics, or are we more interested in the health care of our active duty soldiers and veterans?

At the most recent hearings as to the status of the medical care facilities in Hawaii, chaired by your distinguished colleague, the Honorable Daniel Akaka, it was determined that an all out effort was to be set forth to not only create a free standing VA medical facility, and name it after our dear friend and fellow comrade in arms, Spark M. Matsunaga, but we could look forward to taking over Unit E, and sharing other ancillary services with Tripler by the VA. I feel tha the staff at Tripler under the leadership of General Seitter and his predecessor, General Major have more than lived up to that commitment. I have a feeling, however, that the VA, through its local office, and even through its headquarters are not entirely committed to the same end.

Senator Inouye, the Disabled American Veterans, Department of Hawaii, in 1987, under my leadership, and in conjunction with the National Disabled American Veterans, established a Hospital Service Coordinator program to work with the staff at Tripler to assist veterans who were patients at this facility. Under the leadership of General Majors, and as is being carried on under

General Seitter, we are doing our very best to provide some small amount of assistance to veterans who would not be afforded any assistance by the VA, unless they were specifically hospitalized by the VA for service connected illness or disability. The staff at Tripler should be commended by you and others within the Department of the Army for their compassion and treatment. I am sorry to say, that I cannot in good conscience make a similar statement for the local VA authorities.

Senator Inouye, one cannot forget the trauma of being a patient in the old Chalfonte Haddon Hall in the spring time in Atlantic City, after World War II, waiting to return to your home. One cannot forget you and your sergeant, Dan Aoki, walking the boards in an effort to recuperate far from home from your wounds in the service to your country. Senator, over 100,000 veterans live in Hawaii and many more in the Pacific Basin, and we cry out to you and the other members of the United States Senate to urge the Office of Veterans Affairs to expedite their plans to temporarily move our veterans into Unit E, and get to the business of constructing the Spark M. Matsunaga VA Medical Facility, Hawaii.

Again, Senator I am extremely honored to offer this testimony to you and the Subcommittee on Defense Appropriations and I hope that you and your committee will be successful in your efforts to see that Hawaii's veterans finally earn their just due. Mahalo.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator **INOUYE**. This subcommittee will stand in recess until 9 a.m. tomorrow morning, March 28. At that time, we will hold a hearing on Pacific rim issues at the East-West Center at the University of Hawaii, Manoa campus.

Thank you very much.

[Whereupon at 12:26 p.m., Wednesday, March 27, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, March 28.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, MARCH 28, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Honolulu, HI.

The subcommittee met at 9 a.m., in the Keoni Auditorium of Jefferson Hall, East-West Center, University of Hawaii, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senator Inouye.

Also present: Senator Akaka and Representative Neil Abercrombie.

DEPARTMENT OF DEFENSE

PACIFIC RIM ISSUES

STATEMENT OF ADM. CHARLES LARSON, COMMANDER IN CHIEF, U.S. PACIFIC COMMAND

ACCOMPANIED BY:

- **ADM. ROBERT J. KELLY, COMMANDER IN CHIEF, U.S. PACIFIC FLEET**
- **GEN. JIMMIE V. ADAMS, COMMANDER IN CHIEF, PACIFIC AIR FORCES**
- **LT. GEN. ROBERT F. MILLIGAN, COMMANDING GENERAL, FLEET MARINE FORCE, PACIFIC**
- **LT. GEN. JACK D. WOODALL, COMMANDER, U.S. ARMY JAPAN**

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. The hearing will please come to order.

As we begin this hearing, I wish to extend my warm aloha to my colleagues from the Hawaii congressional delegation, Senator Akaka, members of the public, military who are in attendance. The subcommittee welcomes all of you to a hearing on Pacific rim issues.

This session is the subcommittee's 10th hearing this year on the many issues surrounding the Pentagon's fiscal year 1992 defense budget request. Our hearing is to be a broad overview of the U.S. security interests in the Pacific region and a review of many of the topics very important to the U.S. Pacific Command, the component commands, and the people of the State of Hawaii.

Because of the importance of the Pacific Command to our national security, this will be one of only two hearings we will hold this year to receive testimony from our principal commanders-in-chief.

We will hear later from our NATO Commander about the many changes in Europe affecting our national security.

Today we will hear about the national security implications of the many changes and developments occurring in the Pacific rim region. Those of us from the State of Hawaii know full well how vital to our Nation's economic and military security are America's interests, friends, and allies in the Pacific region.

I wanted to hold this hearing in Honolulu, the home of the Pacific Command, to underscore this importance to the Defense Subcommittee and to the full Senate.

Our witnesses this morning are Adm. Charles Larson, Commander-in-Chief, U.S. Pacific Command, and his principal component commanders. The admiral is accompanied by Adm. Robert J. Kelly, Commander-in-Chief, U.S. Pacific Fleet; Gen. Jimmie Adams, Commander, Pacific Air Forces; Lt. Gen. Robert Milligan, Commanding General, Fleet Marine Force Pacific; Lt. Gen. Jack D. Woodall, Commander, U.S. Army Japan, who is representing the Commander of the U.S. Army Pacific, Lt. Gen. Claude Kicklighter, who is unavoidably unable to appear before us today.

I wish to give my personal assurance to members of the public who are here that the subcommittee will arrange another session in the near future to hear from public witnesses. I can assure you that your voice will be heard.

At the outset I know I speak for the full committee when I said that I wished to salute all the members of our armed services for a job well done in Operations Desert Shield and Desert Storm. I am particularly proud of the key role played by the forces based in the State of Hawaii.

As with the U.S. forces elsewhere, American forces in Hawaii face one of the most challenging periods in their history. The struggle to manage defense builddown while protecting essential military capabilities will be long and arduous. So the subcommittee is most interested in learning from the commanders as to how the Pacific Command forces are coping with this challenge and how they are going about redefining their missions and requirements for the future.

We also want to focus on the impacts these actions will have on the forces and military installations in the State of Hawaii. Congress will be laboring hard to understand the military and fiscal implications of the budget request and future defense plan. So we will need the candid advice and insight of military leaders such as you assembled here to help us in this very important task.

We have won the first real world war we have fought in the last 15 years and like all of you, I pray that we will not have another for many years, if ever. However, the world remains an uncertain and unfriendly environment in many ways. So we must make our defense spending decisions in this and future years with great care and foresight, make certain that the United States and our friends will prevail in any future conflict.

Admiral Larson, thank you for being with us today and we look forward to receiving your testimony. But before we do, may I call upon my colleague from Hawaii, Senator Akaka.

STATEMENT OF HON. DANIEL AKAKA, U.S. SENATOR FROM HAWAII

Senator AKAKA. Thank you very much, Mr. Chairman. I also want to welcome our distinguished witnesses, CINCPAC Admiral Larson and his commanders, Admiral Kelly, General Adams, my best to General Kicklighter, General Woodall, and Lieutenant General Milligan. Let me take this opportunity to congratulate you, Admiral, on your new appointment. I was happy to be out there on that beautiful day. I have no doubt that your proven leadership and years of experience will maintain the working relationship established by Admiral Hardisty and the others that preceded him.

Mr. Chairman, I wish to commend you for your leadership in the Defense Appropriations Subcommittee and to thank you for your invitation to attend today's hearing. This hearing will undoubtedly bring greater attention to the importance of the Pacific in our national security policies. I appreciate the opportunity to be a part of this important process.

Mr. Chairman, last year Congress and the administration implemented a difficult but necessary national defense policy which included the reduction of almost 80,000 troops. In light of the Persian Gulf conflict, Congress recently allowed the Department of Defense to suspend its troop end strengths required by the Fiscal Year 1991 National Defense Authorization Act.

Mr. Chairman, I want to commend you for your leadership in the Persian Gulf war. There is no question that the war brought this Nation together. People around the country have shown that patriotism is at its peak. I also want to thank you for the briefings that I attended, in which I heard from some of the Kaneohe pilots and one of the training officers. I mentioned to the training officer that he is going to have to rewrite the training manual after the Persian Gulf war.

However, even with the overwhelming success in the Persian Gulf, many of our heroes returning home may find that they are no longer needed. Rumors have surfaced that the military is considering pulling out of the islands, and I hope these rumors are unfounded. The State of Hawaii and the Defense Department have had a long working relationship, one that I hope continues.

Therefore, if we are to encourage a military presence here in Hawaii, we must ensure that these military personnel and their families have access to decent and affordable housing. Like the civilian sector, the need for military housing in Hawaii is rapidly growing. The Oahu Consolidated Family Housing Office, which, as you know, oversees military housing in Hawaii, estimates that by fiscal year 1993 there will be a 6,000 housing unit deficit. In these austere budgetary times, cooperation and compromise will be the key to any successful venture.

The people of Hawaii support the military. No one will agree more than the residents of Kailua, hometown for many of our famous Kaneohe marines. These hometown heroes played an integral part in our overwhelming success in the Persian Gulf and my deepest respect and admiration go out to these dedicated men and women. The Kaneohe marines proved their effectiveness in the Persian Gulf and should continue to do so in the Pacific theater, along with the other branches of our military.

Mr. Chairman, let me thank you once again for this opportunity to join you here today and welcome today's witnesses. Thank you.

[The statement follows:]

STATEMENT OF SENATOR AKAKA

Mr. Chairman, I would like to welcome our distinguished witnesses CINCPAC Admiral Larson and his commanders, Admiral Kelly, General Adams, Lt. Gen. Kicklighter, and Lt. Gen. Milligan.

Let me take this opportunity to congratulate you, Admiral, on your new appointment. I have no doubt that your proven leadership and years of experience will maintain the working relationship established by your predecessor, Admiral Hardisty.

Mr. Chairman, I wish to commend you for your leadership in the Defense Appropriations Subcommittee, and to thank you for your invitation to attend today's hearing. This hearing will undoubtedly bring greater attention to the importance the Pacific plays in our national security policies. I appreciate the opportunity to be a part of this important process.

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Mr. Chairman, let me thank you, once again, for this opportunity to join you here today and welcome today's witnesses.

Senator INOUYE. I thank you very much.

Admiral Larson, we have received your full statement and I can assure you and your component commanders that all of your statements have been incorporated in the full report. So you may proceed as you wish, sir.

OPENING REMARKS

Admiral LARSON. Mr. Chairman, Senator Akaka, I appreciate the opportunity to be here today to testify and answer your questions. I would like to take this opportunity, if I may, to make a few brief opening remarks.

First of all, I would like to express my deep appreciation to you, Mr. Chairman, and to Senator Stevens for the support that you and your committee have given to our Pacific forces. Your sincere interest and deep involvement have been critical to our successful national security policy in this area. You and your committee, and the other representatives here today have been regular visitors to the Pacific Command. You have been very instrumental in seeing how we put our resources to work and have helped us with our successes. We would be happy to have members of the committee back at any time.

I speak for my component commanders as well as myself today when I say I appreciate this opportunity to talk about our commands, our military strategy, our operational requirements, and the role that Hawaii plays in our Nation's defense as we enter a new and fundamentally different world.

Today, Asia and the Pacific are more important to our Nation's future than ever before. The changes which have swept the world are beginning to be reflected in this region as nations turn increasingly to democratic and free market principles in their economies, in their governments, and in their lives. Every day we see the growing influence of trade and cultural exchange between the more than 40 nations in the Pacific Command's area of responsibility. So, clearly, our future is intertwined with the nations of this region. Their continued regional stability is now key to our own growth, progress, and security.

PACIFIC STRATEGY

The U.S. Pacific Command, with its service components, plays a vital role in achieving that stability and security through our strategy of forward presence and robust alliances and friendships. We use a combination of forward deployed and U.S.-based forces with carefully nurtured military to military relationships to ensure that we have access and influence in support of our enduring interests in the Pacific, that we have an effective deterrent, a stabilizing presence, and that we have a strong, flexible response in a crisis.

I think the effectiveness of the strategy was demonstrated by our support for Operation Desert Storm. On short notice we moved more than 90,000 people in hundreds of ships and aircraft to the Mideast. We equipped them from our prepositioned ships and from our war reserve stocks. We sustained them over a 10,000-mile sea and air lifeline. Not only did we provide what the USCENTCOM commander needed when he needed it, but our solid relationship with nations throughout the theater helped amass international support and speed the flow of sea and air cargo through the region. So, as a result, I think the first test of our ability to rapidly concentrate assets around the world for a regional crisis was an unqualified success.

Hawaii and Alaska have played, and continue to play, an important role in that success. The strategic locations of these two States combine many of the advantages of forward deployment with the convenience of bases in the continental United States. The governmental representatives have been extremely supportive of our personnel and their mission and, most importantly, the citizens of these two great States have accepted our military people as their own. The affection and concern of our local communities came through loud and clear to those deployed on Desert Storm and to the families that they left behind. We really appreciate the support we received at a very tough time as well as the continuing support we receive every day. It improves the morale of those who serve here and the effectiveness in which they discharge their duties.

Of course, we all recognize we are facing a new set of challenges as we look to the future. In our theater, we see the end of the superpower competition as accompanied by new pressures on regional stability, pressures from rising nationalism and religious fanaticism, economic jealousies and competition, proliferation of sophisticated weapons and offensive weapons of mass destruction, production, trafficking and use of illegal narcotics, and rapidly growing populations with greater domestic demands than ever before.

At the same time budget challenges will make it tougher to accomplish our strategy for a stable, secure Pacific, although I do not expect our reductions to be as great as other commands or other areas where the security concerns are less immediate.

My first priority remains high-quality people and my biggest concern is training. We must have the resources to field and maintain trained and ready forces. And we must support the low-cost, high-payoff programs like security assistance, title 10, CINC's initiative funds, and others that give us an enormous return in access and influence.

Finally, we face some local challenges like the high cost of living, availability of affordable housing for our military people, and growing demands on training areas. It is going to take innovative ideas to maintain our presence, our operational readiness, and our quality of life in the future. A good example is the public-private venture approach to constructing military housing which the Department of Defense is now offering for legislative action.

I am confident that we will be able to meet these challenges and continue to provide a stabilizing influence in Asia and the Pacific. I am confident because our military, national, and local leaders have worked well together in the past and we will continue to cooperate in the future: cooperate to accomplish our military mission, to satisfy the concerns of our citizens and to serve our Nation. I know I can count on your support, Mr. Chairman, and that of your committee and the local delegations here.

My component commanders and I stand by to answer your questions.

Senator INOUYE. Would your component commanders wish to make any statement?

Admiral LARSON. The component commanders, I do not believe, have verbal statements. They are ready to go right into the questioning.

[The statements follow:]

STATEMENT OF ADM. CHARLES LARSON

Mr. Chairman, I am pleased to be here today to testify on America's military posture in the Pacific in connection with your hearings on the President's Defense Budget for fiscal years 1992 and 1993. I appreciate the consistent support which you, Senator Stevens, and the distinguished members of your committee have repeatedly shown for preserving America's vital security interests in Asia and the Pacific. Our strategy for stability and security in the Pacific is working. It has been implemented through forward deployment, force readiness and visible support to our allies and friends. Your support and understanding have been key to the success of that strategy. With your help, we will continue to enhance America's security posture within the framework of our national strategy.

We are living in an era of remarkable change. For over a year now change has occurred at a dizzying pace. We have reached a point where we can look back and say "the world has changed—fundamentally."

From a global perspective, the emergence of a multipolar world, the complexity of regional conflicts, and the growing interdependence of economies have changed the focus of our national military strategy away from resolving global conflict to ensuring regional stability. Clearly, restoring and preserving regional stability will have a major influence on U.S. military planning and programming for years to come.

Recent events in the Middle East have thrust this volatile region to the forefront of our security agenda. The President committed the full force of America's prestige, influence, and military power to upholding the principles of civilized behavior and democracy in defense of Kuwait's sovereignty. Operations Desert Shield and Desert Storm demonstrate the importance of having forward deployed forces, prepositioned assets and need for additional strategic air and sealift to deploy quickly air and ground forces needed in a crisis. Nearly one fourth of U.S. Pacific Command's allocated forces are serving with the coalition in the Gulf region. Over the past seven months, we have stopped aggression, forged a powerful coordinated worldwide response, and demonstrated we and our allies stand by our word and our principles. That response sends a powerful message to the potential tyrants of the world. We must be prepared to send this message in the future: when our interests are at stake, we will act.

PACIFIC TRENDS

It is impossible to talk about national security and national interests in this day and age and not address the economic dimension. Our access to markets, resources, and capital is an absolute key to a strong economy and improved security arrangements with our trade partners. The dramatic trends of the past three decades underscore this fact and the growing importance of the Asia-Pacific region. As we look toward the future, we see global and regional powers emerging around the Asia-Pacific rim, clearly shaping a new world order. America's future economic, and by extension political, well-being are inextricably tied to the Asia-Pacific economic dynamo.

Economic vitality plays a new importance in the national power equation. We have witnessed the burgeoning of a powerful market economy in Japan, followed by the Republic of Korea, Taiwan, Singapore, and Hong Kong. We now see a third wave of double-digit growth economies on the horizon in Thailand, Malaysia, and Indonesia. The value of U.S. trade with Asia has exceeded Europe's for the last 17 years. The Asia-Pacific combined gross national product is greater than Europe's and is growing faster. Any calculation of market strength shows the world's economic center of gravity has clearly shifted to the Pacific.

The impressive performance of the developing economies of Asia since the 1970's shows significant ties between economic vitality and regional stability. As superpower confrontations diminish in the 1990's, economic competition for resources and markets may heighten latent regional friction. In this context, the traditional role of the U.S. as the region's honest broker assumes ever greater importance.

No other power is currently able or acceptable to play such a role. The great majority of Pacific nations openly welcome the stabilizing U.S. forward presence, and any U.S. reluctance to continue in this role would be inherently destabilizing. Any hasty or ill-defined reduction of our presence, real or perceived, would cast doubt on U.S. commitments in the region. A security vacuum could develop which other nations might be tempted or compelled to fill. U.S. policy must focus instead on the long-term, carefully weighing actions that offer immediate financial gain at the expense of future military flexibility.

Two key factors are needed to maintain security and stability in the region: economic growth and U.S. presence. Economic growth will enable our friends to assume a larger responsibility for their defense. Our presence protects the sea lanes vital to expanding trade, reinforces our role as a honest broker to help avoid regional tensions, and reduces the need for Asian countries to expand their military capability in ways which might be destabilizing.

THE THREAT

The Soviet military threat has changed but has not disappeared. Force reductions, restructuring, the collapse of the Warsaw Pact, and a shift to a more defensive doctrine have reduced the likelihood of Soviet offensive operations. However, modernization of strategic nuclear strike systems makes it clear the Soviets seek to retain the capability to destroy the United States. Qualitative improvements in Soviet capabilities continue; naval, air, missile, and command and control systems are being upgraded and replaced with new sophisticated weapons. We must not ignore this capability while the future path of the Soviet government is so uncertain.

The Korean peninsula remains an area of great concern. North Korea poses the greatest immediate threat to regional stability and the security of the Republic of Korea. Pyongyang has not abandoned its willingness to seek reunification by force if necessary. The north continues to devote scarce economic resources to increase its military structure. Pyongyang's stated intentions, historically unpredictable behavior, numerical military superiority, threatening presence and posture above the DMZ, and isolation in the emerging world order all point to the need for vigilance on the peninsula.

I am increasingly concerned about the proliferation of modern weapons, particularly those of mass destruction: nuclear, chemical and biological weapons. As more nations seek and acquire these capabilities, the militaries of Asia-Pacific nations, the United States, and peacekeeping forces will find involvement more complex and dangerous. The threat of terrorist or clandestine use of these weapons continues to grow.

PACIFIC OBJECTIVES

Despite the many recent changes in the world, our interests have not changed—they stem from enduring American values. We continue to champion freedom, security, and quality of life. Advancement of democratic ideals, free markets, and human rights will continue to be bedrock U.S. interests. Those national objectives are best accomplished in the Pacific by enhancing regional stability. We seek a regional balance and environment in which economies can grow, democratic ideals flourish, and where aggression is unlikely to occur.

PACIFIC STRATEGY

In late August President Bush announced a new strategy for America's defense, tailored for the uncertainties before us today. Its most significant new feature is that while it accounts for the uncertainties surrounding the upheaval in the Soviet Union and the massive Soviet military capabilities we expect to remain for the foreseeable future, our new U.S. defense strategy refocuses our active and reserve forces principally against major regional contingencies that threaten American interests. But, unlike areas of the world where we have multinational security arrangements, achieving and securing our interests and building regional stability in the Pacific is a very individualized process.

Every nation in the Pacific is different. Fears and aspirations are as diverse as language and culture. There is no common perception of what constitutes a threat or what characterizes stability. Consequently, our strategy is characterized by bilateral relations shaped by the needs and concerns of individual nations, and reinforced by the forward deployment of U.S. forces. The result is a network of unique bilateral ties, which forms a framework for stability in which the United States is the common glue.

In the Pacific, this strategy of strong alliances and forward presence is working and our security posture is strong.

PACIFIC POSTURE

As Secretary of Defense Cheney has pointed out, our strategy to deter low intensity conflicts and promote stability in the third world must be one of "peacetime engagement"—a coordinated combination of political, economic, and military actions aimed at countering local violence and promoting nation-building. Today we are accomplishing this strategy by "being there and having lots of friends" throughout Asia and the Pacific.

JAPAN

Japan's location, economy, and industry make it a key player in this region and the world. Its geographic location influences Northeast Asia and the Northern Pacific. Its economy influences the markets of the world. Its technology is important to nations looking to the high tech world of tomorrow. As the world's largest contributor of foreign aid, Japan's voice carries authority in developing nations where we frequently have special interests. Our nations cooperate closely in the UN, the World Bank, and other special projects such as the multilateral assistance initiative in the Philippines. Together, the U.S. and Japan account for about 40 percent of the world's combined GNP. Clearly, the futures of these two economic giants are intertwined. Our most successful forum for cooperation with Japan is our mutual security treaty which provides a framework for political and economic coordination as well as defense issues. As part of this defense relationship, we have made steady progress in bilateral training, interoperability of equipment and doctrine, improvement of the Japan defense force, and increased contributions through host nation support and burdensharing. Our presence in Japan is supported by virtually every

Asian country and makes an important contribution to regional stability. The U.S.-Japan security relationship is the linchpin of our Pacific security strategy.

KOREA

On the Korean peninsula, Seoul is attempting to offset North Korea's quantitative advantage by purchasing advanced weapons systems and developing a high technology weapons production capability. Since the north's sustained military production makes defensive parity difficult to achieve, Seoul must continue to depend on timely warning, mobilization, reinforcement, and our commitment to a common defense.

The continuing surge of democracy, rapid economic growth, and increased military capability in the south reduce our defense burden in Korea. To parallel these developments, U.S. forces are transitioning from a leading to a supporting role, beginning with the transfer of greater responsibility for combined operations. This reduces U.S. infrastructure requirements, and supports a prudent, phased series of steps to modestly reduce our force presence, which we must tailor to our combat units in-country and a minimum support structure. We will continue to maintain facilities for receiving follow-on reinforcing forces. As combat forces decline, we can correspondingly reduce the U.S. support structure, which the Republic of Korea can assume.

In Korea, cost sharing progressed from $70 million in 1990 to a commitment of $150 million in 1991. With the addition of labor cost sharing and a new category of military construction, we anticipate continued increases. Of course, we want them to do more, and I believe they will.

CHINA

The U.S.-PRC military relationship has been stagnant since the PRC's bloody crackdown on demonstrators in June 1989. U.S. sanctions prohibiting military visits and sale of weapons and defense services to China remain in effect. In spite of a strong Chinese desire to have the sanctions lifted, recent trials of Chinese dissidents confirm human rights policies in China have not changed. China will continue to be an important presence in Asia with influence on world affairs, as recently demonstrated in the UN Security Council vote on sanctions against Iraq. While we will continue to work with China on global issues, the prospects for early renewal of military contacts are dim.

Over the past few years, the two communist giants, China and the Soviet Union, have improved their bilateral relations, culminating in the historic May 1989 summit between President Gorbachev and paramount leader Deng Xiaoping. Since the summit, political, economic, cultural, and diplomatic contacts have increased. In 1990, both sides reached an agreement on principles for force cuts and for confidence building measures along the Sino-Soviet border. While differences remain, talks contribute to tension reduction, allowing Beijing to focus on domestic concerns and devote more resources to economic development. Nevertheless, we do not foresee a military alliance between these long-term adversaries.

PHILIPPINES

U.S.-Philippine friendship is close and long-standing, and our support for democratic institutions there carries an important message to the entire region. Events in the Philippines are troubling, however, and it remains one of our most serious regional concerns.

The nation is mired in economic depression, with high inflation, capital flight out of the country, and little or no growth in industrial investment. Domestic stability is further endangered by a persistent nationwide communist insurgency and several rightist movements seeking to oust President Aquino. The Gulf War added a difficult international dimension because the Philippines depends on Mid-East oil, and has hundreds of thousands of contract workers in the region making important foreign exchange remittances.

The Philippine communist movement suffers its own internal problems—in ideology, leadership, recruitment, and funding. The government aggressively pursued and arrested a string of key communist figures and rightist coup plotters. Tight security has helped us control danger to Americans posed by terrorists.

Since 1946, our facilities in the Philippines have been a cornerstone of regional presence in Southeast Asia. Philippine American cooperation talks are helping to define a future relationship that should be more balanced and equitable than at anytime in our history. Although the negotiations will bring changes, and fiscal and political realities are causing us to rethink our military structure in general, I am optimistic negotiations will lead to a mutually acceptable agreement and a continued U.S. military presence.

SOUTHEAST ASIA

Our mutual security relationship with the Philippines is an essential element of U.S. regional presence, but not the only element. We are continuing to pursue access in other countries to support a more flexible presence and sustain our forward deployed strategy. Access to Southeast Asia facilities is needed to maintain and train U.S. forces and so we can sustain them west of the Strait of Malacca. Southeast Asia is the "gateway" for our forces to the Indian Ocean and Persian Gulf, and the "crossroads" of Pacific Command's forward deployed operations.

AUSTRALIA

Because of shared values, national interests, long established aid programs, and regional security ties, Australia plays a leading role in the South Pacific and Southeast Asia. Australia quickly and easily integrated its naval and medical units with U.S. units in the Gulf, proving the value of our relationship and interoperability initiatives.

SOUTH PACIFIC

Regional issues and organizations are growing in importance in Micronesia, Melanesia, and Polynesia. Diplomatic ties and participation in global organizations are likewise increasing.

We are reversing the post World War II perception of benign neglect and replenishing the pool of good will. We must continue our humanitarian and civic action efforts, training and security assistance programs, and ship visits.

INDIA

U.S. relations continue to improve with India. India views countries in the Indian Ocean in regional terms while the U.S. relates to them globally. Thus, U.S. and Indian interests do not always converge. We have sought, however, to identify shared goals and increase contacts with Indian military and political leaders. In this context, military-to-military cooperation and interaction have increased significantly.

COUNTERNARCOTICS OPERATIONS

The President and Secretary of Defense directed that we deal with narcotic trafficking as a high priority national security mission. We accepted that mission and remain fully committed to success. Our Joint Task Force Five will reach full operational capability in 1991, increasing our capabilities for intelligence cued operations in the Pacific Ocean area. We have made great progress toward an effective communications network for law enforcement agencies. Our joint effort with the U.S. Customs Service, "Project Cook," will further advance our counternarcotics intelligence network which begins operations in 1991. "Project Cook" will provide information to analyze patterns of activity of drug trafficking vessels and track them to interdiction. It will ultimately connect the customs services of 28 Pacific nations for maritime counternarcotics reporting.

Hawaii's marijuana eradication, "Operation Wipeout," was extremely successful in destroying the entire fall 1990 marijuana crop. Under drug enforcement agency leadership, with the cooperation of all Hawaiian drug enforcement agencies, department of land and natural resources, and the Department of Defense, the operation removed Hawaii as the number two domestic producer, destroyed over a half billion dollars worth of marijuana and put four local growers, including the two largest in Hawaii, behind bars. In the future, we expect our improved intelligence integration to assist law enforcement agencies in increased searches, seizures and arrests.

PACIFIC NEEDS

The comprehensive fiscal year 1992–97 multiyear Defense Program outlines capabilities we need in the Pacific to support the new U.S. defense strategy. Our forces will be smaller but still capable of securing our nation and its global interests.

For fiscal year 1992–93, our priority remains sustainment of combat ready forces and advanced capabilities, especially as we reduce the total force. Thus, I ask you to continue to support quality U.S. military personnel, vigorous defense research and development, fielding of advanced military systems, and preserving critical elements of America's defense industrial and technology base. Our "decade of development" calls for us to scale back production, preserving our technological superiority through ambitious research, procurement of high priority systems at more efficient rates, and establishing a foundation for sustaining U.S. military strength through the year 2000 and beyond.

The nature of this maritime region and most likely threats require largely air and maritime forces with highly mobile and flexible ground forces as well as strategic mobility assets to deploy and sustain them. We must continue our ability to project military power rapidly with ready and sustainable forces. Power projection requires a strong amphibious capability; we must protect amphibious ship building programs. We need replacements for aging fleet assets, particularly all weather medium attack aircraft. We also need modern smart weapons, and anti-air warfare assets.

We still need anti-submarine warfare forces to maintain maritime superiority and establish sea control during conflicts. Sufficient ordnance, munitions, and parts support must be available and positioned to support forces that respond to regional contingencies. We must provide new equipment with fully integrated logistic support, manpower, and training required to operate it. Maintenance funding must maintain a ready force and allow upgrade of selected older systems to state of the art. Training programs must focus on multimission capabilities and joint operations.

We also need to continue, and where possible augment, those programs which improve our own security by enabling our friends and allies to secure themselves. Collective security continues to be reinforced through international defense cooperation initiatives. Traditional security assistance measures involving grant aid, foreign military sales, and the international military education and training program have been effective with lesser developed countries. Title 10 cooperative programs, like civic action projects and humanitarian assistance, with developing countries have also paid impressive dividends.

The backbone of U.S. and allied credibility in the Pacific is our force of trained and ready men and women, 45,000 of which are stationed here in Hawaii. We have slightly more than 19,000 military family housing units and more than 31,000 military families. Today, we fall about 2,000 family units short of meeting our need for both on-base and available, affordable off-base housing. Due to rapidly escalating Oahu housing costs, we expect this shortfall to increase significantly over the next five years.

While we now have firm action underway to provide about 1,200 additional units over the next three to four years, we will still lose considerable ground with respect to need. The initiative to improve access to Ford Island will allow us to develop a portion of the island with badly needed military family housing, and relieve some of the pressure for space at the mainside naval station.

The military holds approximately 5.8% of Hawaii's 4 million acres of land, and more than half of this is dedicated to training areas. While we continue to work housing and land use matters closely with the state of Hawaii, we do not envision releasing significant areas in the foreseeable future. The optimum readiness of currently deployed and returning U.S. forces from the Gulf was in large part due to the availability of local combined arms training areas. The loss of some of these areas, and additional costs if we are forced to go elsewhere, has caused us to consider major adjustments to continue to meet the training needs of our Hawaii based forces. I ask your support in helping me to develop a public understanding of the significance of having training areas available in reasonable proximity to our major concentration of forces.

CONCLUSION

Our strategy and forward presence of U.S. forces have been key to averting crises for the past 40 years. They provide visible deterrence, preserve regional stability, and promote U.S. access and influence.

Our planned reductions in forward deployed forces will increase the need for an improved strategic mobility capability. Prudent forwardbasing and access, innovative deployment of forces, prepositioning of combat and support materials can reduce the burdens of power projection.

In the Pacific, we pursue a winning strategy that covers over half the globe and involves most of the world's people—and we do it with only one-sixth of America's active duty military force. Only one-third of the forces earmarked for the Pacific are forward deployed outside the United States. As we adjust this forward deployed force, we must devote even more emphasis on the access and influence which mark our commitment to Pacific security and stability.

Finally, I must compliment the finest force of all volunteer soldiers, sailors, airmen, and marines that I have seen in my many years of military service. The men and women of the U.S. Pacific Command are maintaining impressively high levels of readiness, dedication, and skill. I am proud of them and believe we owe them our full support, especially in the pay incentives and quality of life programs that are so necessary to retain our most valuable resource—our people.

I am convinced we have the right strategy to deal with this new and changing world. More than anything else, it is our people that make this strategy work. I sincerely appreciate the support you and the state of Hawaii have shown for our people during Desert Shield and Desert Storm and most recently for the warm welcome on their coming home. Please keep it up every day. With your continued support, our future in the Pacific looks bright.

STATEMENT OF ADM. ROBERT J. KELLY

Mr. Chairman, I am honored to have this opportunity to testify before your committee and I would like to start out by publicly acknowledging how proud I am of the men and women of the Pacific Fleet. I am sure you will agree the sailors and marines that served at home and abroad during Operation Desert Storm are deserving of our highest admiration. They are patriots in every sense of the word.

There is no need to remind your distinguished committee that the Pacific theater is maritime oriented. Maritime forces are, and will continue to be, the backbone of our force posture in East Asia, the Western Pacific and the Indian Ocean. Deployed Navy and Marine Corps forces provide a reassuring presence for our allies throughout the region and enable the United States to defend its interests from a forward posture.

Operation Desert Shield/Storm provided a good opportunity to evaluate the soundness of this forward deployed strategy and to take a close look at the practical application of our recent investments in both training and equipment. The results are well known to any television audience but I would like to briefly review the contribution of my command to this historic effort.

Within a few days of Iraq invading Kuwait, the standing U.S. Naval force in Southwest Asia (CMEF Flagship, 5 MEF surface combatants) was augmented with an aircraft carrier battle group and a Marine amphibious ready group from the Pacific Fleet. Six months later, over 50 PACFLT ships and 40,000 Marines had joined this initial surge, including a second aircraft carrier battle group, the Battleship Missouri, an additional 13 ship amphibious task force, a tomahawk missile capable nuclear powered attack submarine, and numerous combat logistics support ships.

When hostilities erupted on 15 January, U.S. and coalition naval forces made short work of the Iraqi Navy and contributed significantly to the land campaign with both marine ground units and tactical air assets. Naval aircraft flew over 18,000 sorties in support of Desert Storm air-land battle and at-sea operations. Our marines ashore were central to the ground assault and the threat of an impending amphibious landing from marines afloat held Iraqi forces along the Kuwaiti coast, making them non-players in the Iraqi defense effort.

At the same time, maritime intercept force operations resulted in almost 1,000 combined allied and U.S. boardings (550 U.S. alone), with approximately 50 ships being diverted to alternate ports for cargo violations. In the area of mine countermeasures, over 190 mines have been located and destroyed to date by coalition forces. These are impressive statistics and we in the Pacific Fleet are proud of our role in achieving them.

From the Pacific Fleet standpoint, it is noteworthy that such major combat operations could be supported without major problems. I attribute this to the fact that Navy ships and aircraft squadrons are accustomed to deploying fully ready to conduct sustained combat operations—we do it 365 days of the year. While we faced challenges in loading out ships and training crews/marine units in an accelerated manner, we were able to ensure all of our ships sailed battle ready. The bottom line is that the Gulf conflict confirmed what my 32 years of Navy experience had been telling me all along. Namely, that the current readiness of the Navy in general and the Pacific Fleet in particular is unparalleled in modern times. We have the equipment, infrastructure and most importantly, the people, to perform our mission. We have, in cooperation with our sister services, just proved we can do it all.

Now I would like to shift my focus to the future and talk about my vision of the post Desert Storm Pacific Fleet. My immediate post Desert Storm plans call for returning our marines and sailors home to spend some quality time with their families. I also intend to re-establish the maintenance cycle for our ships, aircraft and equipment so that our superb readiness level will not degrade.

Of equal priority, Seventh Fleet units will reestablish our visible presence in the Western Pacific and restore the close military ties we have had with allies along the Pacific Rim. U.S. ship visits and combined naval exercises are important elements of the bilateral alliances that maintain stability in the region. We have some catching up to do in this area.

Looking ahead, I can see that projected reduction in force levels will make it necessary to develop alternative plans for employing Pacific Fleet ships and aircraft. Although the Carrier Battle Group (CVBG) and an accompanying Marine Amphibious Ready Group (ARG) will continue to be our answer to any major contingency, reduced force levels will cause us to carry out our peacetime presence missions with smaller force modules. By this I mean a tailored group of ships capable of showing the flag, conducting training with our allies, and responding to a moderate level of conflict. Reconstitution will become the name of the game should a major regional conflict develop, and we will have to work hard to ensure we are always ready to execute.

As force levels decrease, we will also have to reduce our shore base infrastructure. In doing so, though, we cannot allow any degradation of the training complex which has served us so well over the years. The Pacific Fleet must be able to train where the ships are homeported and overseas where we deploy. We cannot afford to give up training areas. They are the keys to our success.

Before closing, I would like to say just a few words about a joint venture between the Navy and the State of Hawaii which has the potential to greatly improve the quality of life for Navy families living in Hawaii. Like a lot of Navy ports, what we need most is housing, and after extensive study, the Navy has determined that the best place to locate that housing would be on Ford Island. We are proceeding towards that end in the following manner.

On 15 February 1991, the Navy and the State of Hawaii executed a Memorandum of Understanding (MOU) which implements a two-phase plan to build a causeway/bridge to Ford Island. The project would be financed by the State in exchange for two parcels of land located in Pearl City, Hawaii.

Under Phase I, sale of a parcel referred to as the Pearl City Storage Area would provide funds for the Navy to do a 35% design study of the proposed causeway/bridge. This "35% design" will include more definitive cost data on the estimated construction cost of the causeway/bridge. Concurrently, the State of Hawaii will facilitate fast track development of a preliminary estimate of the market value of the second parcel referred to as the Manana Storage Area.

Based on the Phase I estimates of property value and construction costs, the parties will determine the feasibility of proceeding with Phase II, which is the actual sale of Manana and construction of the causeway/bridge and replacement facilities. In the event the parties agree to disagree, the state will reimburse the Navy for the cost of the preliminary design of the causeway up to $3,000,000.

Negotiations are proceeding satisfactorily, and we are very hopeful this two-phase approach will provide us with the access to Ford Island. Planning for the future housing project on Ford Island is in the preliminary stages and although the project is currently unfunded, we are hopeful that future budgets will support this important initiative.

In conclusion, I want to thank all of the members of your committee for their continued support and ask that you assure each member that the Pacific Fleet is a strong, vibrant organization worthy of that support. We stand ready to steam into the seas of change that lie ahead with the same pride and professionalism that brought us victory on the battlefield. Thank you.

STATEMENT OF LT. GEN ROBERT F. MILLIGAN

Mr. Chairman, it is a pleasure to be here today to testify on the Fleet Marine Force, Pacific's posture with respect to current and future readiness and capabilities. But first, I would like to express my gratitude to the senior Senators from Hawaii and Alaska for their unfailing support of the Marine Corps, particularly Senator Inouye for his advocacy here in the islands.

There were over 45,000 Fleet Marine Force, Pacific Marines participating in Operations Desert Shield and Storm. Their rapid response, with mobility, flexibility, firepower, and sustainment, reinforces the Marine Corps' reputation as the nation's force in readiness. Their contribution to the swift and sure victory confirms the esprit de corps and tenacity of your marines.

Our goal during the Gulf conflict was to maintain the capability to respond to crises anywhere in the U.S. Pacific Command. With the help of reserve forces activated and deployed to the Western Pacific, California, and here in Hawaii, our ability to respond with trained and ready Marine air-ground task forces has been and will be maintained. Our goal now is to safely redeploy our Marines to their home bases and stations, consistent with whatever role we may play in a continuing Gulf presence. Our intent is to tactically redeploy to quickly reestablish our full theater-wide warfighting and crisis response capabilities. At this point, we do not foresee any significant problems.

The Gulf War highlighted, once again, those things that have always made a superior fighting force: quality people, weapons, leadership, and training. As the senior Marine in the U.S. Pacific Command, my concern is to maintain and improve the superior warfighting capabilities of the Fleet Marine Force, Pacific.

Quality people deserve quality of life. Whatever measures required to achieve and maintain the quality of life our Marines deserve must be taken. Housing, child care, medical facilities, and morale, recreation, and welfare programs must be maintained and improved. (As a matter of note—here in Hawaii, we have a continuing requirement for family housing construction).

Quality weapons systems to meet future threats are mandatory. Whether through product improvement or research and development, we must maintain our technological edge. Quality leadership is a function of many things, not the least of which is the sure knowledge the nation stands behind its Marines and is willing to provide the resources necessary for them to succeed on the battlefield (another old lesson from a new war).

Quality training requires money, facilities, maneuver areas, and ranges. They are essential to the readiness of our forces and must be readily available to them. I can assure you, that with your continued support, the Marines of the Fleet Marine Force, Pacific will always be ready to do what must be done.

STATEMENT OF GEN. JIMMIE V. ADAMS

Mr. Chairman, members of the Committee, the following prepared statement provides you my overall assessment of the Pacific Air Forces, including impacts of Operation Desert Storm recently concluded. In my brief tenure as Commander in Chief, I have been impressed with the readiness, sustainability, and morale of our fighting forces.

Regarding PACAF force structure, I am confident that although the total size is decreasing, our various programmed upgrades provide a well equipped, responsive Air Force. While the total USAF fighter force structure in the President's Budget reflects a 27 percent reduction by FY 93 (from the 1990 baseline), the fighter structure in PACAF will be reduced only 14 percent. The planned in theater basing of an F-15E squadron, along with an additional F-16 LANTIRN squadron provides increased capability to employ precision targeting air power 24 hours a day. Additionally, planned avionic and engine upgrades to the majority of PACAF's F-16 fleet increase munitions delivery flexibility thus enhancing PACAF's warfighting options. It is important, considering the limited number of PACAF aircraft in-theater, that these improvements stay on track. However, even with these improvements, I believe PACAF forces are programmed to the minimum level. Any further reduction would affect PACAF's capability to: (1) react to minor conflicts; (2) provide the nucleus upon which augmenting forces would build in reaction to a major conflict; and (3) influence the defense capabilities of our allies and friends in the region.

PACAF forces, in conjunction with other USPACOM in-theater forces, provide a responsive ready reactive force to meet minor conflicts. For example, PACAF has the flexibility to tailor force packages and deploy, on short notice, squadrons of F-15 and F-16 aircraft. These squadrons deploy with the capability to conduct operations for a period of time until reinforcements arrive. PACAF is examining options to include airlift and strategic aircraft in this planning. However, in reaction to serious aggression, we could not go it alone -- early augmentation from other Air Force units is critical.

As stated above, in-place force structure has not significantly suffered from current budget constraints. Likewise, augmenting forces to provide PACAF reinforcement remains relatively unchanged. A key to accepting this augmenting force is forward presence. In-place forces provide a responsive infrastructure essential for theater or augmenting forces to be employed quickly and effectively. Prepositioning of munitions, vehicles, fuels, and support equipment helps, but without forces in-theater, the infrastructure of back shops, avionic and engine repair capability, and knowledge of alternate sources of supplies is missing. Explained another way, injecting a single fighter squadron into a country where there is no U.S. presence is an extraordinary leap; while adding several squadrons to an existing USAF base is much simpler. Also, there are the intangible areas such as knowledge of the host nations' infrastructure, host nations' capabilities, and their limitations that are essential to the deploying unit's responsiveness. But without in-place forces, this knowledge is only as up to date as the deploying unit's last visit. Since it can only be learned through daily operational interface with the host nation, in-place forces play a key role in educating augmenting forces.

Because of fiscal constraints, PACAF has withdrawn from several bases, consolidated forces and deferred force structure increases. To provide the needed infrastructure should a contingency arise, we are working with allies for access to existing bases. In conjunction with in-place forces, collocated operating bases (COBs) are one way to meet this need. COBs are designed to provide prepositioned munitions and equipment along with minimum essential facilities which can quickly be activated to support tactical operations. This concept is new to our Pacific allies; namely, Japan and Republic of Korea. However, they understand the importance and utility of the program and see our COBs as an outward and visible sign that American commitment is strong and purposeful.

In Singapore, our invited presence, bilateral exercise program and the prospect of enhanced relations with other Southeast Asian nations promise to extend U.S. influence and help stabilize the region.

A relatively small in-place force demands that it be able to withstand the brunt of initial attack and respond appropriately. This requirement places increased emphasis on training, particularly training with host nations, allies and friends. Presence, again, is a key to influencing the amount of training conducted and the focus of this training. In the past year, PACAF units conducted 39 major bilateral and multilateral exercises. This number does not include the daily training that occurs between us and our host nation's air force. For example: at Misawa AB in Japan, there is a continuous interchange taking place between the pilots, maintainers, engineers, and security police of the 432TFW with their collocated Japanese 3d Wing counterparts. The real benefit of these exercises is growth in interoperability between our forces and those of the region. With many of the nations in the Pacific region, we have reached the level of confidence where we can effectively fight together as a coalition force rather than as unilateral forces. This continued presence allows us to further improve our war planning, structuring and training, capitalizing on each other's strengths.

Another area of emphasis for PACAF is to organize in peacetime as we plan to fight in wartime/contingency. To this end, we are examining PACAF's wing structures to make them more efficient by organizing each base under the leadership of one commander. The resulting composite wing will be functionally organized for combat operations, gives commanders flexibility in the employment of differing weapons systems, reduces tasking order dissemination requirements, and provides the commander with autonomous execution and control of all types of warfighting assets. The big advantage of this action is that it allows forces necessary to meeting various contingencies to train day-to-day as a composite force.

PACAF provided a modest, but important contribution to Operation Desert Storm. We deployed F-4Es and approximately 1,000 people, as well as significant logistical support, chiefly in the area of munitions. The command made available close to 100,000 short tons of ammunition to the war in the Gulf. While the figure is large in contemporary terms, the preponderance of ammunition came from large stores of older types of weapons. Along with other theaters, we did provide some advanced technology munitions which will require replenishment, and this action is already underway.

We also provided 187 vehicles of various types along with fuels equipment to support air operations in the forward area. Their absence did not significantly impair our day-to-day operations or readiness posture, but did aggravate some of the shortfalls we already had in some types of vehicles (principally materials handling equipment). On a larger scale, the logistical buildup required to conduct offensive operations in the Persian Gulf has caused us to reevaluate our in-theater deployments and mix of material.

We are concerned about the long-term prospects for overseas military construction funding which has all but been eliminated. To attract and retain the top caliber of people that succeeded in Desert Storm, we must provide the quality of work and living environment that our troops and their families deserve. Let us not forget the sacrifices made by these young people while we search for fiscal solutions. In particular, I solicit your support for our personnel in the Philippines while we resolve the uncertainties surrounding the bases negotiations.

Overall, Mr. Chairman, I am pleased with the status of the Pacific Air Forces and its contribution to the national security of the U.S. and its allies. We are, however, at what I perceive to be a minimum supportable force level, and as a result, solicit your continued support.

STATEMENT OF LT. GEN. JACK D. WOODALL

Mr. Chairman:

As the Army redeploys from Desert Storm, our challenge is to focus on two major vectors: we must maintain a trained and ready force to meet ongoing commitments worldwide and for rapid action in unforeseeable contingencies, and we must continue to shape the total force for the future.

The Army remains prepared to defend u.s. national interests worldwide. Army forces are trained and ready for conflicts, crises and contingencies that may develop in other parts of the world. The Army must continue to maintain forward stationed forces in both Europe and the Pacific -- albeit at reduced levels -- and be prepared to deploy elsewhere should the circumstances warrant.

We continue to reshape the Army in light of the changing international environment and the diminished resources available for national defense. The Army remains committed to a comprehensive plan for reshaping the total force. the essence of the plan is to reduce significantly the size of the Army and to continue to modernize these forces in order to shape the smaller, but versatile, deployable, lethal and expansible Army needed for the future. The requirement for Army forces in the Pacific will remain essentially unchanged.

As you well know, the Pacific theater is a diverse and dynamic area. in the next several years, many of the most important security, economic and political challenges faced by our nation will emerge from this region.

We recognize the primarily maritime force posture of the theater and appreciate the importance of keeping open the sea lines of communication that are so vital to our economic well being. The Army in the Pacific is a team player, and we believe we can make a significant contribution toward accomplishment of the overall Pacific Commander in Chief's strategy.

That strategy is defined in three dimensions. First, during peacetime, USCINCPAC's goal is to maintain regional stability and balance within the theater. We seek to obtain and maintain access and influence with friendly and allied Asia-Pacific nations, and we develop and exercise extensive contingency and regional warfighting plans. Secondly, during a crisis, we seek to deter aggression and finally, should deterrence fail, we must be prepared to swiftly defeat enemy forces and terminate hostilities on terms favorable to U.S. and allied interests.

USARPAC's mission is multifaceted. The primary goal is to ensure that our soldiers are prepared to go to war, to fight, and to win while working with other nations in carrying out mutual security policies in the Pacific.

During a crisis, the Army's goal is to deter aggression. By our presence, we signal resolve, commitment and intent. We provide USCINCPAC combat ready, trained, equipped and modernized forces. These Army forces afford USCINCPAC rapidly deployable and capable forces to meet contingencies across the spectrum of conflict and give him greater flexibility for a tailored response appropriate to the crisis.

The Pacific Army contingency force is the 25th Infantry Division (Light) stationed at Schofield Barracks. This combat ready Division maintains a Brigade Task Force on ready stand-by, 24 hours a day, 365 days a year. This Division is the Pacific's forward stationed, crisis response force, organized, equipped and trained to respond to a wide array of contingencies across the full operational continuum.

With mission specific augmentation or as part of a larger force, the 25th Division can rapidly deploy to protect U.S. and allied interests anywhere within the theater. We could have the first aircraft carrying the lead elements of the ready battalion landing anywhere in the theater within hours of alert notification. The remainder of the battalion followed by the entire ready brigade could be closed within two days. We have a similar capability in the 6th Infantry Division (Light) based in Alaska, which includes an Airborne Battalion capable of forcible entry.

If deterrence fails, the Army provides USCINCPAC with credible warfighting force packages ranging from the in-place 25th and 6th Infantry Divisions to multiple Corps and Divisions -- with capabilities ranging from very heavy to very light -- reinforcing from the continental United States.

In peacetime, we strive to do those things that prepare us for war. Just as our Army will not fight as a separate service, the United States probably will not fight without our allies. U.S. strategy is coalition based, relying upon the combined action of U.S. and allied forces. For this to be a viable concept, it requires a strong commitment from our allies developed in peacetime from close ties and good relationships. Certainly the lessons of Desert Storm confirm this fact.

In the President's March 1990 statement on national security strategy, his objectives include seeking "a stable and secure world fostering political freedom, human rights and democratic institutions". This renewed emphasis in U.S. national security strategy on assisting the continued growth of democracy suggests a greater focus on peacetime operations that improve foreign countries' peaceful, democratic, and economic development and security.

Deteriorating economic situations in developing countries, especially when coupled with the possibility for international terrorism and narcotrafficking, will require an increased role for military forces in peacetime operations aimed at enhancing the stability and the democratic development of threatened nations. Assistance programs, focused primarily on training, will take on increasing importance as forward deployments of U.S. forces and the overall size of the U.S. military are reduced. These programs will provide nation assistance, promote military professionalism, and ensure worldwide access by U.S. forces, all to protect mutual security interests.

The Army is the key institution in many of the nations of this region. We believe the U.S. Army in the Pacific is uniquely suited to assist in maintaining regional stability through our access and influence with the Armies in this area of responsibility.

We accomplish this through our expanded relations program which is the major Army effort supporting the CINC's multinational approach to the Pacific Command strategy -- in fact it is the cornerstone of that strategy. The Expanded Relations Program was initiated in 1978 to re-establish Army-to-Army contacts within the Asia-Pacific theater. The program has greatly increased since then so that today it is a premier program for maintaining access and influence and thus contributing to regional security.

In our overall Expanded Relations Program we seek:

-- to further democratic nation building in developing countries and thus contribute to regional stability

-- to plan and exercise coalition warfare operations

-- to influence allied and friendly nations to provide for the sustainability of their ground forces

-- to attain higher levels of ground force interoperability with allies and friends

-- to promote combined/joint doctrine and tactics

-- to obtain increased defense responsibility sharing in support of contingency and strategic plans

-- to gain allied and friendly nations support for anti-drug initiatives

The dynamic nature of the region is mirrored by our ever changing Expanded Relations Program. Over the years, USARPAC has worked with the Armies and governments of 35 Asia-Pacific nations. We are currently actively working with 32 nations in the execution of our Expanded Relations Program.

The Expanded Relations Program features: combined training, exercises, staff officer exchanges, senior officer visits, and the Pacific Armies Management Seminar.

The centerpiece of our Expanded Relations Program is the Pacific Armies Management Seminar or PAMS. Last year PAMS was in Bangladesh. LTG Kicklighter, Commander USARPAC, just returned from this year's site, Seoul, Korea, where he attended the final PAMS XV Planning Conference.

The conference lasts about ten days and a variety of military subjects are discussed, stimulating ideas, promoting mutual understanding and nourishing Army-to-Army dialogue. Attendance at PAMS last year involved 26 countries, up from nine at the first PAMS in 1978, and included Canada, India and Nepal as first time participants. We expect similar participation this year in Korea.

PAMS is but one example of our Expanded Relations Program. Our interaction with the Pacific nations is conducted on a daily basis.

We work closely with the Department of the Army and USCINCPAC, who coordinate our efforts with the Joint Chiefs of Staff as well as the Departments of Defense and State.

The Expanded Relations Program achieves several objectives. Most fundamentally, we have provided unique, invaluable and essential training to U.S. Army soldiers and units.

We maintain U.S. Army peacetime access and influence in the theater and demonstrate American deterrence and commitment to maintaining regional peace and stability.

We have greatly enhanced our potential for successful coalition warfare should it prove necessary. In addition, we have enhanced the capabilities of many of our key allies.

Finally, we have reestablished contacts and contributed directly to increased rapport, professional military relationships and greater understanding of the United States.

Our mission is primarily to enhance our preparedness and advance the Pacific Command strategy of being present and maintaining strong bonds through bilateral relationships. We never lose sight of the Army's primary mission to support USCINCPAC efforts to protect our vital national interests which include U.S. territories, citizens, bases, and economic interests. We must be prepared to reinforce forward deployed forces, augment host nation capabilities, conduct combined operations, sustain forces in a "bare base" theater, conduct forcible entry, and receive follow-on forces. Quality training is key to successful accomplishment of these missions. In this regard, the Pacific theater offers unique opportunities for joint training with the Air Force, Navy and Marine Corps. It also provides for development of strong bonds and associations with friendly and allied nations which are so essential to successful coalition warfare.

The national military strategy is now based on achieving U.S. objectives by forward presence backed by the projection of military power from the United States in times of crisis and by the ability to reconstitute additional defense capabilities should the need arise.

The Army fulfills essential strategic roles in support of the national strategy, and a trained and ready Army is crucial to the execution of the Pacific portion of this strategy. As U.S. national security strategy is changing to cope with the evolving international environment, the Army is adjusting the way we perform our strategic roles to effectively meet the strategy's requirement for a force organized, trained and equipped for prompt and sustained land combat worldwide.

The Army's future role in the Pacific will be determined largely by the emerging national strategy which is itself based on dynamic global security, political, and economic considerations. One thing is clear, the United States will continue to have vital economic, political, and security interests in the Asia-Pacific theater. There will be regional threats to U.S. and allied interests and a U.S. military presence will be required to counter these threats.

As we "reshape" the Army in response to the successful conclusion of the U.S.-Soviet "cold war" and in the aftermath of Operation Desert Storm, adjustments will be made to Army forces in the Pacific. We will streamline our forces and command and control relationships consistent with the Army efforts to build down the force in a constrained resource environment. However, the Army must retain adequate forces in the theater. To be credible to our allies and friends, these forces must be versatile, deployable, lethal and expansible. Our smaller Army forces must have modern, high technology equipment to offset the numerical advantage and growing lethality of weapon systems possessed by potential adversaries. As Army Chief of Staff, General Vuono has stated, "we must never ask our soldiers to 21st century combat with 20th century technology."

The outstanding performance of Army forces during operations Desert Shield and Desert Storm has reaffirmed and validated the imperatives that have guided the Army during the past four years. These imperatives are that the Army must: 1) be a quality force, both military and civilian, 2) have forward-looking warfighting doctrine, 3) maintain an appropriate mix of forces, 4) conduct tough and realistic training, 5) have focused modernization, and last, have competent, confident leaders. These are the imperatives that led our Army to victory in Desert Storm and will continue to guide development of the Army to ensure future victories.

The future role of Army forces in the Pacific will not be significantly different from today. We will continue to support USCINCPAC's strategy to provide access, influence and effect improved responsibility sharing in the theater. We will provide combat ready, trained, equipped, and modernized forces. We will continue to support regional stability and promote deterrence through Army presence. Army forces in theater should remain in Korea, Hawaii and Alaska with reinforcing forces from the continental United States. A continued small Army presence in Japan preserves the logistical infrastructure and ensures U.S. access to vital logistical bases while at the same time providing visible, active, bilateral security linkage to Japan, a very strategically important regional ally.

Our challenge for the future is to keep a focus on the Army's traditional role of winning land wars and to ensure that we plan commitment of Army forces before, not after, the next conflict or contingency begins. The best way to do this is to keep a viable U.S. Army forward presence in the Pacific. During peacetime the presence of that force will provide a stabilized environment and an opportunity for economic growth, while at the same time discouraging adventurism. We believe there is no better way to maintain access, influence and deter than to have U.S. soldiers actively training and exercising with the foreign armies in the theater.

There are two additional Army programs I would like to discuss with you: the Oahu Consolidated Family Housing Program and the Chemical Agent Disposal Program.

As you know, the Army is the executive agent for all military family housing in Hawaii. In spite of a proactive Army Family Housing Program, the military housing deficit remains very large. The shortage of military housing units on Oahu requires about 38% of our military families to compete for the high-cost off-base rentals. For fiscal years 1991 and 1992, our Family Housing Program will build 278 units at an estimated cost of 31.5 million dollars. This barely chips away at the projected 1993 military housing deficit of 6056 units. The fiscal year 1994 to 1998 new construction program will provide an additional 1362 units. The Ford Island Causeway or retractable bridge will allow us to develop a portion of the island with badly needed military family housing. Additional appropriations would allow us to move our out year programs to fiscal years 1994 and 1995.

Other innovative means are available to obtain housing. The Section 802 Program, where the government provides land to a developer for a 25 year renewable term in exchange for the government guarantee of 97% occupancy is due to expire 30 September 1991 unless renewed by congress. Using this program, proposals to construct 276 units at Kaneohe Marine Corps Air Station have been received and a contract award is scheduled for this June. A contract award at Kaneohe will be the first 802 award nationwide and will serve as a model for the future solicitations. We ask that you extend the authority for the 802 Program so that other sites on Oahu can continue to be considered.

The Section 801, Build-to-Lease Program is another means to provide housing. This program entails the use of developer owned land, leased to the government for a 20-year non-renewable term with the government managing the units. The Army plans to issue a solicitation this summer for approximately 500 units on Oahu. The authority for this program also expires on 30 September 1991. The support of your committee has been extremely helpful in our efforts to reduce the shortage of military housing on Oahu. We certainly hope that you will continue to support our requests for additional housing in order to reduce our large military housing deficit as well as our requests for operations and maintenance funds in order to adequately maintain our inventory of over 19,000 family housing units.

I would now like to update you on the status of the Johnston Atoll Chemical Agent Disposal System or JACADS. To date JACADS has destroyed 7,565 M55 GB Rockets. The system is undergoing plant production shutdown for Agent VX switchover. The plant is expected to begin destroying M55 VX rockets on or about 2 May 1991.

Finally I would like to provide you some information on the current status of the recovery of U.S. chemical munitions on Mbanika Island in the Solomon Islands. We expect to complete the recovery of all the munitions, 96 155 MM Mustard Gas Rounds, by the end of this fiscal year. The Army's preferred alternative is to transport the munitions to Johnston Island for storage. Their eventual destruction will be according to plans developed by the Program Manager for Chemical Demilitarization. This operation is on track and during every step of the process both environmental and safety concerns will be the highest priority, as with all our operations on Johnston Island.

SECURITY IN PACIFIC RIM

Senator INOUYE. Admiral Larson, I believe you touched upon the underlying issue that all of us are facing and that is uncertainty.

Three years ago no one in his right mind would have predicted that the Berlin Wall would have tumbled down, that Eastern Europe would be changing its colors, that the Baltic States would be rising up. In fact, as some of you are aware, a year ago CENTCOM was on its way to becoming history and General Schwarzkopf would have had another assignment somewhere, but this subcommittee put a stop to that.

A year ago we were prepared to have a trade fair in Baghdad, to sell the Iraqis sophisticated ballistic missile technology. We extended to Saddam Hussein 1 billion dollars' worth of agricultural credits and $200 million in bank credits. Then suddenly we find ourselves in a war in the Persian Gulf.

In like mind, I think all of us will agree that there is much uncertainty in the Pacific rim, in your area of command. So I wish to begin my inquiry by asking a question relating to a statement made by the Chairman of the Joint Chiefs.

A few weeks ago, in testimony before this subcommittee, the Chairman of the Joint Chiefs indicated that there will be a major restructuring of the military forces of the United States. He said that there will be four pillars: strategic, contingency, Atlantic, and Pacific force packages. The Chairman was not quite ready at that moment to give us details of this major restructuring. Were you and your component commanders called upon to provide an input or consulted on this?

Admiral LARSON. Mr. Chairman, I had some preliminary discussions with the Chairman about 2 weeks after taking this job. Specifically we discussed the Pacific force module that he is talking about as one of his four modules. He indicated to me at that time that any action on this will be deferred for the near term. At our CINC's conference in August when all the unified CINC's meet with the Chairman, we will be discussing in more detail what these four force packages and four supportive packages will mean for the future. The Chairman indicated that they do not necessarily automatically reflect changes in command structure; that the packages and command are not directly translatable; that they are set aside at this point more in philosophical terms for potential changes in future command structure.

My focus on the Pacific module, of course, is important to me because that will be the module that I will use to carry out the military part of our national security strategy in the Pacific. And, fortunately, from my viewpoint, the Pacific module does not vary very much from what I have today because the situations in the Pacific, securitywise, have not changed as radically as they have in Europe and in other places. So I see a certain sense of continuity in our approach to the national security strategy and forces in the Pacific in the future, particularly in the next 2 to 5 years.

SOVIET MODERNIZATION PROGRAM

Senator INOUYE. The ascendancy of President Gorbachev has had an effect on the world diplomacy. As I indicated, walls came tumbling. In addition, overtures are now being made in Japan and in South Korea.

Strangely, notwithstanding their economic problems, their ICBM assembly line seems to be rolling along as ever. Two years ago while we produced 2 submarines, they produced 10. Last year when they produced eight, we produced two. This fiscal year it will be 1 on our side and 10 on their side. I believe recently they completed the modernization of the Soviet fleet. It may be smaller in number but I have been told that the platforms are much more lethal. They are leaner, they are meaner, and much more capable. Is my observation correct?

Admiral **LARSON**. Mr. Chairman, it absolutely is correct. I visited Vladivostok, as you know, in September of last year. I was the first U.S. Navy admiral to take warships into Vladivostok since February 1937 when Admiral Yarnell departed Valdivostok. I saw firsthand some of that modernization, including modern fourth generation aircraft. I sat in the cockpit of a Flanker, a Backfire, and some of their other aircraft and helicopters. I toured their *Kirov*-class nuclear cruiser, the *Frunze*. Since that time they have received a *Slava*-class cruiser, Sovremenny-guided missile destroyers, and Udaloy-guided missile destroyers. My counterpart indicated to me at that time that they would likely get the second *Tiblisi*-class aircraft carrier in the Pacific. So they have gotten smaller in numbers but much more capable in quality in their navy.

The submarine force which you mentioned is following the same lines with the introduction of the new *Akula*-class submarine in the Pacific.

You can draw similar parallels as you look at their strategic nuclear force, their air defenses, and their tactical and strategic air in the Pacific.

The real change that I see in the Pacific is in their ground forces which have experienced some consolidation, some reduction in numbers, and some restructuring. But most of that is related to the Sino-Soviet border and also to the forces that they have pledged to withdraw from Mongolia.

I see a smaller, more modern, more capable force in the Pacific. At this point, our Pacific military situation has not had a radical change in the balance of forces such as in Europe with the demise of the Warsaw Pact.

Senator **INOUYE**. As CINCPAC, are you satisfied or assured that all modernization of our forces has kept pace with the Soviet modernization program?

Admiral **LARSON**. Yes, sir, Mr. Chairman, we have kept pace in modernization. The events in the Persian Gulf really show that we have modern systems, modern munitions, and very highly trained and skilled people who are very dedicated and able to operate those systems.

I think the big change in the Pacific, which will be reflected in our national security strategy, is that there is less of a chance the Soviets will make a political decision to use that military power in a global confrontation than there was before the breakup of the Warsaw Pact and the unification of Germany.

I do support our strategy that says we will have warning time and be able to mobilize in the situation that would encompass a global confrontation with the Soviet Union. We will now deflect our primary emphasis more into regional stability and regional contingencies which is very consistent with the role that our military forces have had in the Pacific for the past decade or more.

REGIONAL CONFLICTS

Senator INOUYE. You have just indicated that it is not likely that we will be involved in a global strategic war and so I suppose we should be concerned about regional conflicts.

I know that it is not easy to make predictions. But where would you consider likely spots for regional conflicts in your command?

Admiral LARSON. Well, Mr. Chairman, it is always difficult to predict. However, there are some that certainly concern me. I would not have predicted Iraq a year ago. But, looking to the near future, Korea still is totally independent of the global relationship we have with the Soviets. The Korean Peninsula remains a very dangerous place with nearly 1 million troops poised on the North Korean side. They are spending 25 percent of their gross national product on defense. This coupled with an unpredictable leader who in the past has taken irrational actions requires a watchful eye.

Cambodia, certainly, is an area that cries out for a solution. It is a very complex problem with the resistance, the Government factions, and the continued support from the Republic of Vietnam.

The Philippines, of course, with the insurgency, the instabilities that we have seen, and its importance to our national security.

Much of the rest of the area is unpredictable due to the uncertainty in some of the religious, cultural, and fundamentalist movements. In addition, the remarkable economic progress that has been made in the area has not been totally balanced. We have some "haves" and some "have-nots." I think the unequal economic progress could lead to instability.

In my book, our biggest threat or our biggest enemy in the Pacific is instability. Our strategy has really focused on being the glue that holds our multiple bilateral relationships with the nations of that area together.

Senator INOUYE. Is there any reason for us to be concerned about India or Pakistan?

Admiral LARSON. I think we have made progress in India and Pakistan in the last few months in both a diplomatic sense and in getting a good dialog going. There are some symptoms that do not lend themselves to easy solutions such as the Kashmir area with its fundamentalist elements. It is an area that will require continuous dialog with both sides in an effort to settle their differences by other than military means.

Senator INOUYE. I believe the world was fortunate we had just one regional conflict during the Persian Gulf period. I do not know how we would have coped with it if we had two or three all over the world. You have just named about half a dozen possible spots. In your contingency plans, do you think you can cope with two or more at the same time?

Admiral LARSON. Mr. Chairman, if one of those two was the size of the Persian Gulf commitment, the answer is we would have great difficulty coping with the second one.

We were stretched pretty well to the limit in our logistical support for the forces in the Persian Gulf. Airlift and sealift were certainly critical. There would be some very difficult decisions that would have to be made in the dual contingency operations at the Joint Chiefs of Staff and Secretary of Defense level on allocation of lift and the resources we would need to move forces to a second contingency area.

FIVE-YEAR PLAN

Senator **INOUYE**. Military and civilian experts and leaders in testimony before our subcommittee indicated that at the end of this 5-year plan with the builddown, it would be extremely difficult to carry out another Operations Desert Shield/Desert Storm with the same efficiency. Would you agree with that?

Admiral **LARSON**. Yes, sir, Mr. Chairman, I would unless it was the only game in town and we applied the lessons learned.

Senator **INOUYE**. Now, according to the 5-year plan, the Navy will lose 18 percent of its battle force ships, 2 carriers and 92 ships; the Army, one-third of its Active divisions, from 18 to 12; the Air Force, about one-third of its tactical fighter wings, from 36 to 24. As we all know, we employed over 100 ships in the Persian Gulf including 6 aircraft carriers, that constituted more than one-half of our force, and 10 Air Force tactical fighter wings and 7 Army divisions. What impact would all this 5-year plan have upon your command?

Admiral **LARSON**. Mr. Chairman, the first 2 years of the 5-year plan, which are in the budget, I have sufficient forces to carry out my strategy and to be able to respond to contingencies in my area as well as to the treaty commitments that we have with Japan, Korea, and the Philippines.

At the end of the 5-year plan, there are still some uncertainties as to how that distribution will be made worldwide. They have not made the final decisions as to what the Pacific force's module share of that will be as related to the Atlantic and Europe and other places.

I would be concerned if the Pacific module went down at a greater rate than I would anticipate it would. I think we are going to have to work that very carefully and that future distribution will be worked out looking at the balance of those forces at the end of the 5-year plan.

We were fortunate in the Persian Gulf to have a significant number of forces forward deployed in Europe. Fortunately, the situation in Europe was benign enough that we were willing to accept the risk and move a substantial number of those forces into the Middle East.

I believe in the future force structure one would have to assume that in a contingency, we would have to move forces out of one area into another. There is always an element of risk with that assumption.

I believe our real challenge for the future during this builddown, is to balance our forces worldwide. Within the force module and support package vision that the Chairman has, we should work together globally to respond to contingencies throughout the world.

Senator INOUYE. Oftentimes the committee is faced with making a decision and I want you to help us on this, if I may ask your component commanders.

Admiral LARSON. Yes, sir.

TRAINING

Senator INOUYE. If we had some funds available, would you apply it to get more forces or more training?

Admiral Kelly.

Admiral KELLY. I think, sir, that we have gone through the so-called hollow force before and in my personal opinion, rather than have force structure that is not used, I would much rather have force structure that could be applied, that is ready. Training is part of that readiness.

One of the things that separates us from the Soviets, as a matter of fact, is that although they have quality equipment, we train a lot more than they do. So our people are much more prepared to do their job. I think we need to preserve that.

General ADAMS. Mr. Chairman, I believe that we demonstrated that the investments we provided both for our equipment and for the people and training that go with that equipment have paid off. I feel that the balance is the thing that needs to be sought and we need to ensure that those do not get out of kilter. We are at the operations tempo that I think provides us a very ready force.

What we want to guard against is, as we do this builddown, that we forget about some of the quality of life things that have allowed us to attract those people that have performed so magnificently for us in the Persian Gulf. That as we draw down, we do not shortchange the pilot and his training hours. Because I think we are on the knee of the curve where he is getting a great deal of benefit for the numbers that we provide to them.

And it is not just flying hours but the quality of that training is so important. Because our ranges have to have a measurement of effectiveness to tell us how well we do. We have to have simulated threats. We have to have air space in which we can put together large forces for that training.

So we believe that the balance needs to be continued and that we are where we want to be today with that balance. And we hope as the builddown occurs, that you will help us guard against getting that mix out of balance.

Senator INOUYE. What is the Army's views on this?

General WOODALL. Mr. Chairman, I think in all cases when we hear the feedback from Desert Storm, the word that comes out is training. The people believed that they were well trained and so that the money that was spent on training was well spent.

Now, true, we provided them the necessary equipment as well to do the job. But I think if we do not continue to provide the confidence that comes from training, from our individual soldiers and our leaders as well, that we would certainly be far off.

General MILLIGAN. I cannot add a whole lot to that, Senator. Obviously, training is the cornerstone to our successes in the Corps. And I guess if I was going to put a little focus on one other item, in addition to the quality of life things and the balance that General Adams talked about, would be sustainment. I think we have to be very careful as we build down and as we redeploy from Southwest Asia that we do not lose sight of the fact that sustainment is part and parcel to readiness.

Senator **INOUYE**. Admiral Kelly, if I may ask a question of the Navy, would this builddown mean that our ships and personnel would have to be at sea longer for longer periods of time to maintain our deployment plans?

Admiral **KELLY**. Sir, I do not think there is a simple answer to that question. It depends on what the situation in the world is at the time and whether we are conducting routine peacetime operations or responding to a crisis somewhere that we have to maintain presence.

I believe with the force structure as currently reflected in the President's budget, we can continue to fulfill our commitments to Admiral Larson here in the Pacific and still maintain the quality of life goals that our chief of naval operations has put forward. To keep within operating tempo and personnel first tempo goals, we must return to routine 6-month deployments. I believe that we can do that.

The hooker comes in if something blows somewhere and we have to surge deploy as we did in Desert Shield and Desert Storm.

Senator **INOUYE**. I would suppose that with this restructuring there will be changes in our current deployment scheme.

Would you, Admiral, recommend a homeporting of a carrier at Pearl Harbor?

Admiral **LARSON**. Mr. Chairman, I had not really looked at that in any detail. Pearl Harbor certainly is a very strategic location. What Pearl Harbor gives me is forces that are farther forward and I can have a quicker response to contingencies in the western Pacific.

What I have to balance that with, though, is the training of those forces. In other words, the forces that are based here have to have the training available here to make them totally ready. To me, that certainly bears out the wisdom of bringing a new antisubmarine warfare squadron here. We have submarines here. We have VP aircraft. We have a range at Barking Sands and we can do all the things to make those forces ready. It makes very good sense.

My concern about bringing an aircraft carrier here would be that most of the training that they do and the ranges and things that they need are in the west coast of the United States. It would be difficult and costly to keep the air wing and the carrier ready here if they had to go back there and do their training.

Senator **INOUYE**. My concern was steaming time. The steaming time from Charleston to the Mediterranean is about same as the steaming time from San Diego to Hawaii.

Admiral **LARSON**. Yes, sir.

QUALITY OF LIFE

Senator **INOUYE**. In every village, in every town and every city, there are many Americans who are quite concerned because of the tax burden and they are pressing for greater cuts in the military. Some contend that we have been spending too much in the military.

But I believe very few Americans are aware that the men and women we sent to Desert Storm were men and women who were at the poverty level. I know that food stamps are issued to military men, something that most Americans are not aware of. In your command, how many food stamps are being issued at this time to how many families?

Admiral **LARSON**. Well, Mr. Chairman, I will defer to the components for individual answers on that.

I think one of the other issues that many people do not realize is that in some of these young families the wives have to work just to survive. In some of these cases where the spouse deployed to Desert Shield or Desert Storm, the remaining spouse had to leave for the continental United States and stay with family to survive. Without the support for the children and the two spouses working together to complement their income it was impossible to survive alone.

There are a lot of other issues that provided hardships for these people that go unnoticed to the general public. I think the dual working spouse and some of those hardships are certainly part of it. The components might have some——

Senator **INOUYE**. I think General Milligan has the worst situation there, has he not? The Marines and the food stamps.

General **MILLIGAN**. Well, certainly here in Hawaii we have a large number of younger marines and they are also, like all our service members, very proud people and would resort to going to a second job if they can do that within their assignment or with their spouse carrying on with the work outside of the home even with a number of children.

So generally they pursue another course other than food stamps. But there are some that are on the food stamp program.

But to follow up on Admiral Larson's comment, not just here in Hawaii but also on the west coast where the cost of living is also quite high for marines and sailors with our forces, many went home. Here in Hawaii it approaches 400 dependents, spouses plus children, went home because of the affordability problem.

It is a major, major issue here in Hawaii and an issue most every place for our young service people, particularly those that are starting a home of their own.

Mr. **ABERCROMBIE**. General Milligan and Admiral Larson, the Senator has kindly yielded to me at this juncture. All of you are aware of the thrust of my particular efforts on the Armed Services Committee at this time as the budget comes.

General Adams, you mentioned quality of life as did General Milligan.

And, Admiral Larson, you discussed the question of second incomes, survivability, really, and affordability.

Could you comment for the record on the question of the role that housing, or the lack of it, in terms of rental housing at affordable rates, place on the Oahu picture?

Admiral **LARSON**. Well, Mr. Abercrombie, I would say that it is a very, very critical issue and it has many side effects. When we find that these young people are paying a disproportionate amount of their disposable income on housing, that leads to family pressures. It leads to stress. In some cases, it leads to people going home because they cannot find housing here.

I think affordable housing, and certainly a subset of that is more military housing, will be a critical factor in maintaining the morale, the well-being, the quality of life of our people here in Hawaii.

We have a deficit now of about 2,000 units. There have been a number of projections about the numbers in the future. But all of the projections agree with one thing, and that is it will increase, that more affordable rental units in the community will be required. I consider this an area that makes a significant contribution to the well-being of our people, to their efficiency, and their quality of life. It needs to be solved.

Mr. ABERCROMBIE. In the context of Senator Inouye's discussion about the drawdown, is it not the case that the housing crisis and its affordability will be a major factor, regardless of what changes take place within the foreseeable future, with respect to how you structure your forces and where they may or may not be deployed?

Admiral LARSON. Yes, sir, Mr. Abercrombie. The way I see our projections right now for the State of Hawaii, I would anticipate that as we phase down over the next 2 to 5 years that the net gain in people here will be a plus. I anticipate that we will have between 600 and 800 more people here in the year 1997 than we have now, even with the phasedown and modernization of our forces.

I think there are two trends here working against us. One is the number of people is likely to increase, and No. 2, the number of affordable rentals appears to be on a decrease as we look at the prices on the housing market. It is an issue that is going to be more complicated.

Mr. ABERCROMBIE. Thank you very much.

MILITARY FAMILIES

Just one last point, if each of you could comment on this very briefly, to put a final perspective on this. Again, Senator Inouye has pointed out that in many instances people may be carrying visions of the armed services which were more applicable to 10 or 15 or 20 years ago in terms of the makeup of the forces.

We talk about the all-volunteer force. It maybe resonates in the mind as a phrase. But when you actually put a three-dimensional people perspective on it—that is, the actual makeup of your commands now—has that not changed significantly in terms of families, in terms of the personnel and the requirements that you must face as commanders? Could you comment on that, again for the record? Because I am not sure everyone actually recognizes what we mean when we say families now constitute a significant portion of the Armed Forces personnel.

Senator INOUYE. Maybe I can respond to that. I am a bit older than the panel.

I recall that in World War II less than 5 percent of the men in my regiment were married. Today 60 percent of the personnel have dependents. In fact, 60 percent of the cost of our DOD budget relates to personnel and that is the difference.

A military hospital during my time had no pediatricians or gynecologists. Today there are more pediatricians or gynecologists than orthopedic surgeons.

Those are the changes, I think.

Mr. **ABERCROMBIE**. Maybe you were not as active as some of the—I do not know. But the [laughter].

Admiral **LARSON**. I would also say, Mr. Abercrombie, there are also a couple of other trends that mirror the trends in society and that is single parents. There also are an increasing number of spouses that are both in the military.

When you put all of these trends together, we have a much different sociological makeup in our Armed Forces. And the bottom line of that is that to preserve the quality of life and to be able to retain the types of people that we have serving in our military requires much more support to the whole family unit and to the community than was required in earlier days. In my early days of service, you had to put a special request chit in to get married and you could not get married until you had achieved a certain grade in the armed services.

Senator **INOUYE**. You see, I was a private.

Mr. **ABERCROMBIE**. Thank you, Senator.

Senator **INOUYE**. Thank you.

FOUR-PHASE PLAN

Admiral Larson, you indicated that in Desert Shield/Desert Storm that about 90,000 men and women in your command participated in that conflict. I would like to ask a question that many wives and children are asking. Within the rules of classification, can you tell us about when we can expect our men and women to be returning home?

Admiral **LARSON**. Yes, sir, Mr. Chairman. The Commander of the Central Command has come up with a four-phase plan for moving his forces out. He generally is looking at first-in, first-out. A fair number are flowing every day and a significant number have already returned home.

I would say that, without getting into excessive detail, that the bulk of that four-phase plan will be completed within 4 to 6 months with the Iraqi acceptance of the U.N. conditions for a permanent cease-fire and stability in the area.

If we achieve our political objectives there, I would anticipate that those forces would continue to flow and within 4 to 6 months we should see the bulk of them home.

I think one of the last to go are the logistic forces that are getting the equipment together and equipment that must be shipped back. We found that it is a lot easier to off-load things than on-load them back on ships in the proper configuration.

STRATEGIC MOBILITY

Senator **INOUYE**. That brings me to this question. Are you satisfied with the sealift and the mobility support that you received in deploying your forces?

Admiral **LARSON**. Mr. Chairman, I think one of the big lessons learned out of Desert Shield/Desert Storm is that we need to re-look and make more investments in strategic mobility. And by strategic mobility, I mean airlift, sealift, and prepositioning. We need to look at that triad of strategic mobility and we need to apply some fixes.

We need to look at sealift, both the RO-RO-type ships and some new construction, fast sealift ships, that give us the ability to move a lighter, flexible, mobile force that must be responsive in future contingencies. And we certainly need programs like the Air Force C–17 which, in my view, is a critical need. We must maintain the airlift capability so well performed by the aging C–141's.

I think we have gotten the word on sealift and are going to apply new resources to strategic mobility. Sealift, Mr. Chairman, is a little bit like Goldwater-Nichols: we finally got the message and I think we are going to make it work.

Senator **INOUYE**. I would like to ask many, many other questions. As you can see, I have got a whole book here. But I will close this round of questioning and call upon my colleagues by asking you a question that is very important to many people here, especially the military.

PHILIPPINES BASE NEGOTIATIONS

What is the latest on the Philippines base negotiations? Are we going to stay there or are we going to get out?

Admiral **LARSON**. Mr. Chairman, I am cautiously optimistic that we are approaching an agreement that will be acceptable to both sides and will meet the national security concerns of both sides. I think the approach that we have taken with the Philippines of looking—of negotiating as strategic partners in a security arrangement to meet the needs of both countries is a much better approach than looking at rent for bases. I believe both governments realize it is in the best interest of both countries for us to have a presence there.

Now if the Philippine people do not want us there, we will leave.

I am becoming cautiously optimistic that the negotiations have narrowed down to two basic issues: compensation and duration, and that progress is being made on both of those issues. If those issues can be resolved at the executive level of both governments and an agreement signed, then I think we will be able to meet our security needs, those of the region, as well as those of the Philippine people.

I am hopeful that we are narrowing in there. I feel better about it now than I have in the last 6 months.

Senator **INOUYE**. The committee was very pleased with the success that you and your component commanders, together with the State Department, had in our discussions with Singapore in arranging for this access agreement.

ACCESS AGREEMENT

Within classification rules, are we at the present time discussing with other countries?

Admiral **LARSON**. Mr. Chairman, the Singapore commitment was a significant one. I think it was a significant political statement by an ASEAN nation to say that United States presence in Southwest

Asia or Southeast Asia is so important that they are willing to make a commitment to allow us to have access to certain facilities in their country.

We do not have any discussions going on for that type of access with any of the other ASEAN countries or countries of that region. However, we are moving toward improved contacts, communications, relations, military-to-military contacts with those nations that will allow us to work together with them in interoperability training and other things to help ensure the stability of that region.

Senator **INOUYE**. Before I call upon Senator Akaka, I wish to commend USARPAC and General Woodall and General Kicklighter for the initiative the Army has taken in opening doors in India. This is something that the State Department has had some difficulty doing and I want everyone to know it has been the military that has taken the initiative in bringing about better relations with India. My congratulations to all of you, sir.

General **WOODALL**. Thank you, Mr. Chairman. I will pass that to General Kicklighter.

Senator **INOUYE**. Senator Akaka.

Senator **AKAKA**. Thank you very much, Mr. Chairman.

As this hearing has progressed this morning, most of the questions have been directed to you, Admiral Larson. However, if I may, I wish to direct most of my questions to the component commanders and be a little more provincial in my questions.

I wanted to commend you for your responses this morning and to let you know that I appreciated the straightforwardness and clarity of your responses. This has really helped me in understanding what is happening here in the Pacific.

Admiral **LARSON**. Thank you, Senator.

PEARL HARBOR

Senator **AKAKA**. I particularly want to zero in on the service branches, and my first question is to Admiral Kelly.

Senator Inouye has recently announced that more ships will be coming to Hawaii and we are glad to hear this. We also know that a ship will be reassigned to the mainland. Will this action affect the workload at Pearl Harbor?

Admiral **KELLY**. I thought Admiral Larson was doing just fine answering the questions, Senator. [Laughter.]

Yes, sir; you are correct. The *Coronado* and the 3d Fleet staff will be going to San Diego and an ASW squadron with four ships and people will be coming out here to Hawaii. As far as the maintenance goes, I think we will try to balance the workload among those shipyard resources available to us. So, assuming we continue our same maintenance practices, that implies a continuation of the workload here in Hawaii.

Of course, that decision is beyond my paygrade. I do not make that judgment. The CNO and the commander of Naval Sea Systems Command are the people who are in charge of distributing the workload.

Senator **AKAKA**. My question is, Did you know about the reassignment and would this have affected the reduction in force that is being planned at Pearl Harbor?

Admiral KELLY. Are you specifically referring to the shipyard, sir?

Senator AKAKA. Yes.

Admiral KELLY. Sir, I am really not qualified to answer that question. I just do not have enough specifics to be able to answer at this hearing. But I can provide an answer for the record if that would be acceptable.

Senator AKAKA. Would you please do so?

Admiral KELLY. Yes, sir.

[The information follows:]

PEARL HARBOR

If we had known about the ship homeport reassignments prior to submission of the shipyard RIF request, we would have altered, but not eliminated, our RIF plans.

Senator AKAKA. Thank you.

Admiral LARSON. Senator Akaka.

Senator AKAKA. Yes, Admiral.

Admiral LARSON. I might just add one thing there, if I may, on that subject from a more macro perspective. I think it is an entire Navy issue in that our shipyards' structure was sized and moving toward support of a 600-ship Navy. As we look now at a Navy that the President and the Congress have determined will be somewhere between 450 and 480 ships, it is obvious there will have to be some restructuring of the entire naval shipyard structure and some downsizing, in a global sense, to meet the overall new workload.

I think the competing factors are the balance of all naval shipyards versus the local workload. There are some positive indicators for local workload here with four ships coming and one going allowing for stability in the numbers of ships basically out through 1997. That will have to be balanced against the entire naval shipyard system and then the specific numbers will come from that.

Senator AKAKA. As I mentioned in my remarks, that there was a rumor that the military would be pulling out of Hawaii.

Admiral Larson, your testimony indicates that that is not true, and I hope that the rumors will continue to be unfounded.

Admiral LARSON. Senator Akaka, what I see here is pretty good stability. I see much less downsizing in the Pacific in general as compared to the overall downsizing of 25 percent in the armed services. I also see a fairly stable base here in Hawaii.

Senator AKAKA. Back to Admiral Kelly—and also to Admiral Larson, I am sure there have been discussions as to how we can more effectively continue the security for our Nation in the Pacific. As such, should we not give consideration to the forward-based location of Pearl Harbor Naval Shipyard?

Admiral KELLY. I am not sure I understand your question, sir. Are you talking about moving more ships here to be closer to the shipyard because they are forward based?

Senator AKAKA. That is correct.

Admiral KELLY. Admiral Larson addressed that in his previous remarks in that there is a balance which must be weighed between location of forward presence and availability of training facilities and infrastructure to support our ships. We do look at that balance and have arrived at the base loading here in Pearl Harbor with those things taken into consideration.

Senator **AKAKA**. I would like to ask a question of General Woodall, and this deals specifically with housing. It was highlighted that housing is a problem, not only for the military but also for the community.

MILITARY HOUSING

General, what percentage of military personnel resides off base? And, do you know how many of these off-base families are renters rather than homeowners?

General **WOODALL**. Senator Akaka, we have about 12,500 families living off post at the present time. About 5 percent of these own their homes and the rest rent. And of those folks that are living off, about 23 percent we consider in inadequate quarters. And that is because of the amount of the rent, the location, the other amenities that you normally expect.

Senator **AKAKA**. We know that there is an effort being made to build military housing. How is that progressing?

General **WOODALL**. Well, I think it never progresses quickly enough. And that is, we have all indicated, that is one of our major problems.

During the period of 1988 through 1991, we have about 1,300 new homes that either are completed, being built, or waiting to begin.

In 1992, we have another 360 units that are in a request. And then beyond that, 1994 through 1998, we hope to be able to achieve the rest of the deficit.

Senator **AKAKA**. We normally feel that one way to take care of the housing problem is to increase funds. Are there other ways you might suggest that would alleviate the military housing shortage in Hawaii?

General **WOODALL**. I think one of the initiatives that is coming on line right now is with the Marine Corps which is working section 802 housing. We think this summer that we will be able to break some ground at Kaneohe to begin some quarters there. It is a good initiative and we are looking for other places as well that we can do that.

Senator **AKAKA**. I have two more questions and one is on family support.

It was mentioned that the families are playing such a large part in military life and readiness. In this era of declining defense budgets, how is the military going to pay for required family support services when these funds are the first to be cut? Does anyone have any suggestions?

Admiral **LARSON**. Senator Akaka, I think those funds have to be protected. I know last year in my budget as CINCPAC Fleet, in my previous job, I fenced those items up front in the budget that I submitted to the Navy Department: the child care, the quality of life programs, base operating support, the things that we needed to maintain a quality force.

I made that very clear. We needed to properly support our people as we downsize the force.

As we downsize, we need to give the proper support to whatever level we settle on. We must resist the temptation to go to a hollow force. If we work together, we can achieve the means of maintaining the quality of that force which is really important.

As you downsize, it provides an opportunity to maintain or increase your quality factor if you downsize at the proper rate. We must assure the proper support for our people, their equipment, and the ships and the bases as you draw down. I look at this as an opportunity to do it right and work in conjunction with the Congress.

Senator **AKAKA**. Admiral Kelly.

Admiral **KELLY**. If I could just add to Admiral Larson's remarks, CINCPACFLT is approaching a midyear review, and I am going to continue the same policy that Admiral Larson followed with respect to the funding. I feel that it is very important from a credibility standpoint, that we, as leaders of our services, say up front that people are our most important asset, and then back up our words with our actions when we allocate funds. Speaking for the Navy, we are trying to do just that.

Senator **AKAKA**. Mr. Chairman, I will ask one more question, but I have others that I will submit. My final question is to Admiral Kelly.

KAHOOLAWE

Concerns have been raised about the military continuing to build bombing targets on Kahoolawe. Is this true?

Admiral **KELLY**. Not to my knowledge, sir, I do not know of any truth to that statement.

Senator **AKAKA**. Thank you very much, Mr. Chairman.

Senator **INOUYE**. Thank you.

Congressman Abercrombie.

FOCUS OF THE FUTURE—PACIFIC RIM

Mr. **ABERCROMBIE**. Thank you very much, Senator.

Just parenthetically, Admiral, I am sure there may be those who wonder about the reason for this hearing: Is this not something that could be done kind of pro forma and could it not be done by the simple submission of questions and back-and-forth to committees?

I just want to state for the record my gratitude to Senator Inouye for having this hearing in a public context, if you will, because even with my two brief sojourns so far on the Armed Services Committee, it is clear to me that the Pacific will be the focus of the future, not just in a military sense but in terms of the political complications and ramifications and implications for the United States of America and, by extension, the world and with particular reference to world peace.

And I think it is vital and I am very appreciative of all of the remarks that have been made here in writing, made available to people, not just in Hawaii but across the country. I am particularly grateful that you are, all of you are helping to get this focus out into the public dialog, and I think this hearing today will be one step in that process.

So that the—I will not say, obsession with the North Atlantic or the European theater of operations, politically and otherwise, that is maybe too harsh a term although some people probably feel that—but certainly the concentration over the years in that area requires some review and some re-establishing of perspective. And so I, for one, am very, very grateful for the opportunity as someone who must, by constitutional demand, vote on some of the issues you have raised this morning.

As a result of this hearing and other briefings that I have had in Washington and here in all of your commands, I have been much better and able to cast a responsible vote, to have information at hand and in my mind that enables me to respond in a way which advances the national security and helps me to carry out my duties. So I, for one, as a Member of Congress, am very, very grateful for this opportunity.

Having said that, let me follow up, then, on just a couple of areas with two objects in mind: One, obviously, for my own information, and another, to get on the public record so that people will have a better understanding of some of the difficulties that are faced.

FAMILY HOUSING

General Woodall, in the testimony submitted on behalf of the Commanders of U.S. Pacific, is the bit of discussion, a little more in-depth discussion of the question of housing. I want to get this out for your perspective, your analysis. You may recall in Admiral Larson's testimony, he mentioned the existing deficit I believe around 2,000 units and a hoped-for projection of perhaps 1,300 units being built if there is no moratorium on construction.

Am I correct, Admiral Larson? We also have to discuss and address the question of military construction moratorium and housing, right?

Admiral **LARSON**. Yes, sir.

Mr. **ABERCROMBIE**. And if you go to the testimony, and the Army here, am I not correct, has the overall responsibility for design and proposals with respect to housing?

General **WOODALL**. We are the executive agent.

Mr. **ABERCROMBIE**. The executive agent. Your project here and I am going to quote exactly:

> For fiscal years 1991 and 1992, our family housing program will build 278 units at an estimated cost of $31.5 million. This barely chips away at the projected 1993 military housing deficit of 6,056 units.

Is the figure 6,056 your understanding of the correct number?

General **WOODALL**. That is our understanding based upon a study that we had done. As Admiral Larson had indicated earlier, it is somewhat of an illusive number and it can change. But I think when we talk around 6,000 in 1993 is the best information that we have at the present time.

Mr. **ABERCROMBIE**. So we are not even looking into the next century or a 5- or 10-year projection down the road. In construction terms, if not necessarily in strategic terms, when you are talking 1993, that is immediate. That is right on top of us. There is not much room for discussion as to whether it is something that should be focused on. Would that be a fair statement?

General WOODALL. I think that is true.

Mr. ABERCROMBIE. So would it be in our interest to unite, if you will—and, again, this is, in a sense, it is a softball question but I do not mean it to be. I am afraid that I have already discovered at the national level a tendency—I guess it exists in all legislative areas—and I have already had discussions with you and I know you are all quite fortunate not to have any political problems because you are in the armed services and politics, of course, is not a question there.

But I think I have not run into a single person—and I venture to say that Senator Inouye and Senator Akaka have had the same experience—I have not run into a single person in the civilian side, let alone the military side, of people concerned with this issue, the Pacific strategy, et cetera, who do not acknowledge the housing crisis.

But it is a little—it is almost like confession. I feel like I am talking to Bishop Ferrario every once in a while. Having acknowledged it, I then can go out and keep on sinning because I can always go back to the bishop and be forgiven.

Everybody acknowledges there is the housing crisis and having acknowledged it, then passes on and expects somehow you to be able to deal with this, or I should say General Kicklighter in the Army as the executive agency, to deal with it.

So what I would like to know is, will it be possible for us to go back to the Congress when it comes to the reauthorization, particularly the 802 Program—and I am differentiating the 801 from the 802 Program because in the 802 Program the Government provides the land and the 801 Program the developer provides the land. But can we—would it be in our interest and could we be supportive and be able to state with authority to our colleagues that if the 802 Program were extended for, say, 5 years, not just 1 year, so that we could go and try and get a 5-year plan, or even a 10-year plan, and then go to our banks and go to our developers and propose something where we put in thousands rather than dozens of units, hundreds and hundreds of units, is that something that we can go to our colleagues and state with authority and expect to have you folks be able to back us up?

General WOODALL. I can say that we are continuing to look at various areas where we can do this. As you know, this is a program that has not been tested a whole lot. We are very interested in the Kaneohe project. But we are looking at other places throughout the island that we can do that type of thing because, as Senator Akaka mentioned, there must be ways to do it where the Government is not providing the money.

Mr. ABERCROMBIE. Well, I just spent 2 hours on Thursday with General Gray, the Commandant of the Marine Corps. And I did not expect—I just told Admiral Larson and I have told General Adams, I had no idea I was going to spend, General Milligan, 2 hours with General Gray. He has a lot of fondness for Hawaii. His first assignment was out here in Hawaii.

And I can tell you, General, I have the feeling that General Gray is not turned down very often or told that something cannot happen if he wants it to happen. And he wants this to succeed at Kaneohe. He wants this housing program to succeed. There is no question in my mind about that. So to the degree that Kaneohe is a prototype for what needs to happen in the 802 Program, we think we can look forward to that moving rapidly.

General WOODALL. And we would say that we want to continue that program, at least the opportunity for it. So we would say yes, extend it.

MERCHANT MARINES

Mr. ABERCROMBIE. Very good. I have one other area I would like to follow up and I suppose here Admiral Kelly and Admiral Larson might be the recipients of this question.

The concept, strategic mobility, was raised with respect to sealift.

Admiral LARSON. Yes, sir.

Mr. ABERCROMBIE. I am also a member of the Merchant Marine Committee and I am happy to be on the Merchant Marine Subcommittee as well as the Investigations and Oversight Subcommittee. And I think that one of the areas I would like to proceed with and one of things that I have had discussed with me is the merchant marine.

Now, I realize there are certain sensitive policy questions here, but my feeling as a kind of red-shirt freshman, if you will, in this area in the Congress is that we need to invest as much. Let me rephrase that because I do not believe we are really investing anything at all at the moment. We need to invest in a merchant marine, a civilian merchant marine capacity, and see to it that we have crews available for sealift capacity.

Now, setting aside the capacity for sealift that you have in military terms, could you comment or make observations with respect to the idea of a civilian merchant marine resurgence or buildup and the question about crews and their availability? You can put it in the Persian Gulf context if you wish. But that is not necessary because you are looking at other contingencies in the Pacific.

Admiral LARSON. Yes, Congressman Abercrombie. I think that if you look at the total sealift problem, it has to encompass the merchant marine. It cannot just be what we buy or what we use for dedicated military lift. Of course, that is part of a national policy or a national sealift policy. And I think a healthy——

Mr. ABERCROMBIE. Do we have a national sealift policy? I cannot discover it if there is one.

Admiral LARSON. Yes, sir; there was a national security review that was done about 1 year ago that led to a national statement of policy on sealift.

I think a healthy U.S. merchant marine is in our national security interest. In the best of all worlds we would have, and are going to buy, additional ships and fast sealift ships will be indigenous to the military capability. In addition to that, we would have a healthy, vibrant, U.S. merchant marine that could be called up, as our aircraft were in the CRAF Program, to be mobilized for use in a crisis or a contingency to augment our military resources.

That would be in the best interest of our country and that is why I believe that support of a national sealift strategy is an important issue.

Mr. ABERCROMBIE. Thank you very much.

Admiral LARSON. Thank you, sir.

Senator INOUYE. I might note at this stage that we asked for a report on sealift and I should be receiving that sometime next week. I will share it with all of you. But it is a very difficult problem and it falls down to money, for one thing.

Admiral LARSON. Yes, sir.

Senator INOUYE. You have construction differentials subsidies, which the administration is opposed to and I think most Members of Congress, if you are going to build it in the United States. Because it is much cheaper to build it in Korea or places like that.

Then you have operational differentials subsidies if you are in the foreign commerce of the United States. and that also comes into the millions of dollars.

I recall, as I think most of you recall, that there was a time right after World War II when we literally controlled the seven seas. If you wanted to carry any cargo, it had to be on American bottoms. But today we are No. 14, I think.

Desert Storm was not an international endeavor, thereby making foreign bottoms available to us. I think we may have had grave difficulties in sealift because we did not have sealift on our own. Something has to be done about this and, as a result, we appropriated $600 million last year for that purpose.

As you know, Admiral, the Navy was reluctant to use this in the beginning. But I am glad to note that as of a result of the Persian Gulf operation, they are beginning to see the light and they are going to spend this money.

MAINTENANCE BACKLOG

I would like to ask questions that we on the committee are concerned about and get your thoughts on this.

A few weeks ago the Secretary of the Navy provided us with these numbers, the so-called maintenance backlog numbers. In air frames, in 1990 it was 68; 1991, 123; in 1992 it will be 269. These are the backlogs. In 1993 it will be 500 and in 1994 it will be 757.

On engines, in 1990, it was 17. In 1992 it will go up to 534; 1993 to 872 and 1994 to 735.

In missiles, in 1991 it's 3,200, and in 1994 it will be 9,600.

With those numbers, will you have sufficient aircraft and missiles to meet your operating tempo and readiness requirements?

Admiral KELLY. Sir, I would probably have to do a lot better indepth analysis of those numbers as they apply to the force structure that I provide Admiral Larson here in the Pacific fleet, but in the near term, I do not see a problem.

I am not familiar enough with the specifics of the numbers that you are talking about to address any long-term problems.

[The information follows:]

OPTEMPO AND READINESS REQUIREMENTS

Deployed and forward-based aircraft squadrons will be capable of maintaining high-readiness rates. However, readiness ratings for nondeployed units will eventually degrade if the backlog is allowed to increase to the levels you have projected. This degradation will adversely impact turnaround training and limit our ability to surge for crisis situations.

Senator INOUYE. We were told that a maintenance backlog, let us say for air frames, more than 100 would cause you to cut down training rates. For engines, it should be less than 250 and it is going to 735. For missiles, 2,500 is the breaking point and you will have 9,600 backlogged. I hope you are looking into this and advising us as to what impact it will have on the Pacific Command.

Admiral **LARSON**. Yes, sir.

KC–135 TANKER

Senator **INOUYE**. General Adams, I do not know whether you are prepared for this question. In the fiscal year 1991 Defense appropriations conference report, we directed the Air Force to create an Air National Guard KC–135 tanker unit at Hickam Air Force in the next 2 years. Can you give us a report on the status of this?

General **ADAMS**. I know that that is under consideration, sir. I think there will be more details forthcoming as subsequent announcements are made to the February announcement on the status of those forces. So I would like to wait until some of those announcements get made to follow up.

Senator **INOUYE**. Would you keep the committee apprised on that?

General **ADAMS**. Absolutely.

Senator **INOUYE**. I would appreciate that.

SECURITY REQUIREMENTS

A few weeks ago General Vuono, the Army Chief of Staff, testified before the subcommittee and advised us of the following: that there will be four Army divisions forward deployed after 1995 and that will include two armored divisions in Germany, one infantry division in Korea, and I quote now, "one light division in either Hawaii or Alaska," end of quote. At the present time we have one infantry division and one light division in Alaska and Hawaii.

Now do you believe that one infantry in Korea and a light division in the Pacific rim would be sufficient to meet our security requirements for your mission in the Pacific?

General **WOODALL**. Mr. Chairman, all we know at the present time is that we have the three divisions that are here.

Based upon what the chief has said, General Vuono, then I would have to assume that he has some thought about mission, possibly mission changes, or some other forces that may be available for this particular area.

This is something that I think would have to be worked out very closely in the joint arena. Admiral Larson would play a significant role in this. And if those forces were not sufficient, then he would certainly go back very quickly.

Senator **INOUYE**. Was CINCPAC consulted on this?

Admiral **LARSON**. Mr. Chairman, I think the details of that are being considered now at the conference that the chief, General Vuono, is having back in Washington.

I am very comfortable that I can execute my security strategy with the 6th Division in Alaska, the 25th Division in Hawaii, and a division in Korea.

How that plays out past the 1995 timeframe is also tied into the Nunn-Warner report, phases 2 and 3, that we are working on right now. That report is the structure of our forward-based forces in the Pacific rim.

It is all interrelated because it is a matter of contingency response, forward forces, forces in being, and also reinforcement. My basic strategy now calls for reinforcement from mobile forces in both Alaska and Hawaii.

I would hope to have an opportunity to make an input before any final decisions are made as to that final structure. I do have some thoughts on that.

Senator **INOUYE**. I am certain you can be assured that the chairman and vice chairman of this subcommittee, Senator Stevens and I, will insist upon playing a role in this decisionmaking process.

Admiral **LARSON**. Mr. Chairman, I am giving a speech at our Naval War College next week and my viewgraph has a division in Hawaii, a division in Alaska, and a division in Korea.

Senator **INOUYE**. You are a very wise man. [Laughter.]

JOHNSTON ATOLL

General Woodall, I am not certain whether you can respond to this. This is a question that is important to many in Hawaii.

The Army recently announced its intention to award a contract to reinspect the welds in the Johnston Atoll chemical agent destruction facility. Do you know what the status is?

General **WOODALL**. Yes, sir; we have a survey ongoing at the present time to investigate the welds, rather the lines, the utility lines, and also the agent lines.

We have an open-ended contract on this so we do not have a specific end time. But it definitely is ongoing at the present time.

Senator **INOUYE**. Would you keep this committee apprised on its progress, sir?

General **WOODALL**. Yes, sir; we will.

Senator **INOUYE**. I would appreciate that.

MPS DEPLOYMENT

General Milligan, if I may ask a question relating to your command. The Marine maritime prepositioning ships arrived in the gulf within a week of receiving their movement orders. Units from California and Hawaii flown in by strategic aircraft were, I believe, the first to arrive in the desert. Did we learn anything about MPS deployment and any changes that should be made?

General **MILLIGAN**. Well, clearly, the first thing, Mr. Chairman, is the concept itself of maritime prepositioning was reinforced and proven as a result of the success there in Southwest Asia. But we certainly did learn a good deal from the execution.

One of the things that we had already been moving forward with under the guidance and support of the Commander-in-Chief of the Pacific fleet, then Admiral Larson, was to look at those capabilities and look how we could employ them more flexibly.

And we have, as a result of those efforts, looked at a way that we can better utilize those resources, the MPS ships and the equipment on board, in a more flexible way. And they are reembarking those ships now, as we redeploy from Southwest Asia, to accommodate more flexible and deployment and employment of maritime prepositioning resources.

We obviously learned a good deal just in terms of executing at that level with the massive numbers of troops and equipment that we are talking about, and we are fine tuning the procedural things. And that you would expect would be a natural result.

So I would say that the two major findings are one, that it works, and two, as we reembark those ships and redeploy, that we want to reembark them in a manner that enhances their flexibility which we are doing.

Senator INOUYE. Do you think the program should be expanded; more ships?

General MILLIGAN. I would say that at this point in the Pacific that the two suites of equipment that we have on board, a total of nine ships with five of them normally in Diego Garcia and the other four in Guam, that that probably is adequate for the fleet marine forces supporting CINCPAC fleet.

I would suggest we need to watch carefully how we balance maritime prepositioning and amphibious assault shipping in the context of our ability to project combat power into hostile areas that are not necessarily as permissive or as secure as we were able to do with Southwest Asia. So there has to be some balance.

Senator INOUYE. As you know, these ships were loaded with M-60 tanks. Are we going to reload the M-60's or are we going to put in M-1A1 tanks?

General MILLIGAN. We are looking to put M-1A1's on board. We have not received all of the M-1A1's that we have in the program. But, clearly, we will put the M-1A1's on board as rapidly as we can.

Senator INOUYE. I think Desert Storm suggested that the M-60's were a bit too light for the T-72's. Would you agree with that?

General MILLIGAN. To the best of my knowledge, the M-60 had no problem operating in Desert Storm.

One of the real noteworthy achievements was on the part of our lighter armor, most notably the light-armored vehicle with the tow mounted on board. They performed exceedingly well against heavy armament.

Senator INOUYE. Thank you very much.

DRAWDOWN

General Adams, there is no question that your air command is the largest in geographic size of any CINC in the United States. With that vast area under your command, with the multiple missions that you will have to carry out, with this drawdown, would you be able to carry out your missions?

General ADAMS. Mr. Chairman, you have already acknowledged that the tactical forces which comprises the largest part of my command reduces around 30 percent through the President's budget.

However, in the Pacific we only experience about a 14-percent reduction in our forces. I think that points to the importance of this region. The other part of that is we will continue to modernize our forces as we do the builddown. We will get rid of the old F-4's. We have added Lantirn capability to our F-16's. This is a nighttime capability and also provides a precision-guided munitions capability.

Both were very effectively used in Southwest Asia in the Persian Gulf operation.

In addition to that, we are adding F–15E's to provide us a much needed long-range interdiction capability.

So on balance I feel that my total capability may even improve while there is a small reduction in force structure. I also find that the augmenting forces that we would have to rely on in large measure for a major regional contingency remains essentially unchanged.

The question you posed earlier as to simultaneous or concurrent regional contingencies would certainly introduce some risk as a force structure is reduced. But if we deal with a single contingency on practically any scale that we plan for in this region, I think we can continue to do our job even with the reduced force structure.

Senator INOUYE. We began our 5-year plan which calls for a drawdown and each fiscal year had an end-strength requirement. We had one for 1991 and 1992. But then an unanticipated war intervened. So instead of continuing on to the end strength of 1991, we built it up.

But according to the Pentagon, the end strength of 1992 is still law of the land and they intend to proceed to that number. What impact would it have here in your command, all of you?

Admiral LARSON. Mr. Chairman, my overall concern for the entire command would be that we not go down precipitously in a way that would destroy the quality of the force that we have all described here. The builddown has to be phased. It has to be related to force structure. It has to make sense.

What would bother me very greatly would be to bring these young people home and shake their right hand for a job well done and hand them a RIF notice in their left hand.

We, certainly with the help of the Congress, have solved the 1991 problem. But I think the real issue now is the shape of that curve. You can solve the 1991 problem by going like this and then going off a cliff. Or you can draw a gradual line. That is going to take a lot of work and consideration.

I know there are some underlying considerations such as money, cost, budget summit agreements, and a lot of other issues that are interrelated to this question. My concern as a commander is with my people and maintaining my commitment to them to do them justice, to support them the way they have supported me, and also to maintain the quality of my force. This is an issue where we need to work together.

Senator INOUYE. You have brought up a real live situation. A few weeks ago when our troops began returning, one of the first contingents to return went to Oklahoma, to Tinker Air Force Base. The celebration there, as expected there, was just massive. On one end of the field you had thousands of people waving flags, tears flowing and hugging; you name it, they had it. Simultaneously at the other end of the field 900 civilian workers were receiving their RIF notices.

This is something that is happening throughout the United States. I would hope that the people of the United States know that there are many communities that will be affected as a result of the demand to cut down the force of the military. There will be no community set-aside. Hawaii will have to bear some of this burden just as much as Tinker Air Force Base had to do it.

I can assure you it was a happy day on one end, and on the other end it was a day of anger and bitterness. You could not help but feel sorry for those who saw the sudden specter of not being able to keep up their mortgage payments and not being able to send their kids to school. This is a little consequence in a little town and I think we will have to multiply that a thousandfold if we are to realize what will be happening here.

I have so many other questions that I would like to ask. If I may, gentleman, I would like to submit them to you for their careful consideration, because most of the questions I will submit are technical in nature but very important to our proceeding and our decisionmaking process. So we will be submitting them to you today or tomorrow.

But before we close, I was told that Senator Akaka had some questions to ask.

INVOLUNTARY SEPARATIONS

Senator **AKAKA**. Thank you very much, Mr. Chairman. To continue on your line of questions, Senator, I am somewhat concerned about the statement that was made by Secretary Cheney and Joint Chief of Staff Colin Powell that in 1995 there will be 1.6 million men and women in uniform. That means a reduction of about 500,000 troops.

As was mentioned by Admiral Larson, we should not do this precipitously; my concern is what will happen to those being released. Are transitional programs being implemented to assist these individuals? Have we have looked that far ahead? That would be my question to you, Admiral Larson.

Admiral **LARSON**. Senator Akaka, in an ideal world you would like to reduce by reducing accessions, maybe a few early retirements, and normal attrition as you phase down your force. Unfortunately, some of the projected ones will have probably a little steeper curve than we can control through these very controlled measures.

For those few people that must be released in a RIF-type situation—we would work very hard to minimize those numbers—I think it is important that we work together to have transitional programs, extensions of some other benefits for a period of time to let them get their feet on the ground so as to ease that transition into a new career.

But I think the bottom line is to work very hard with our personnel to minimize the numbers of involuntary separations and to try to control the whole personnel package in a curve that has a descent that we can control.

Senator **AKAKA**. I know Senator Inouye has been very concerned and has mentioned it in the past about how we take care of these men and women being released. We would certainly appreciate any advice you may have.

Admiral **LARSON**. Yes, sir.

Senator **AKAKA**. Thank you.

Senator **INOUYE**. Thank you. I might add to that by advising all that the Congress is at this moment considering separation pay for enlisted personnel who are involuntarily separated. At the present time there is no separation pay. Because I think something should be provided to help them tide over this period while they are looking for new employment.

EXTENDED HEALTH BENEFITS

Equally as important, we are considering extending health benefits, because if one is involuntarily separated and he has a dependent who happens to be pregnant; for example, if you force that family to go out into the field and she is 4 months' pregnant, no insurance company will cover that person. If you are an enlisted personnel, even if you could cover it, you will not have the money to pay for it. So we will extend health benefits. These are amounts that we have not yet calculated.

In addition to that, other agencies will have to concern themselves with unemployment compensation. Because many of them will go into that marketplace and they will find themselves unemployed. Then you will find those sadly who will have to face it and get on the welfare roll. So some other agency will have to pay for it. Although we hate to think about it, there is a correlation between unemployment and crime.

As we cut down the cost of defense, it may be safe to say for the first 2 or 3 years, there will be no net savings for the taxpayers of the United States. You might get a savings in your left pocket but they may take out a bit more from your right pocket. I think all of us should realize this.

That is why I agree with you, Admiral, that this 5-year plan, having been somehow affected by the war in the gulf, should be readdressed, reassessed, and maybe extended a little longer to bring about a rational, reasonable transition so that life for those who are willing to stand in harm's way will be made a bit more livable.

So I can assure you and through you to the men and women in your command that we on this committee will do our best to bring that about.

Admiral LARSON. Thank you.

Senator INOUYE. Admiral Larson, General Adams, General Milligan, Admiral Kelly, General Woodall, on behalf of the committee, I thank all of you for spending this time with us. It has been immensely important to us because with what you have given us and what you will give us in your written responses, we will make decisions. I just pray that our decisions will be correct.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. This subcommittee will now stand in recess until Tuesday, April 9 at 9 a.m., in the Dirksen Senate Office Building in Washington. At that time the subcommittee will examine the status of our National Guard and Reserve forces. Our witnesses will be the chiefs of the National Guard and Reserve components of our Armed Forces.

Until then, I thank you very much, gentlemen.

[Whereupon, at 10:42 a.m., Thursday, March 28, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, April 9.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, APRIL 9, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Leahy, Sasser, Bumpers, Lautenberg, Stevens, Garn, D'Amato, Cochran, Specter, and Domenici.

DEPARTMENT OF DEFENSE

TOTAL FORCE POLICY

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE (FORCE MANAGEMENT AND PERSONNEL)

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning the Subcommittee on Defense Appropriations will receive testimony from several members of the Department of Defense on the total force policy and its relation to our Guard and Reserve Forces.

Before I call upon our distinguished witnesses, I would like to take this opportunity to congratulate the over 223,000 men and women of our Nation who were called to duty and responded at a time not only critical to our Nation, but vital to the very existence of Kuwait.

The resolve and dedication and effectiveness of our servicemen displayed during Operations Desert Shield and Desert Storm are living testimony to the total force policy adopted nearly 20 years ago. The total force policy has knitted together components of the Active forces of the Guard and Reserve units to form a capable fighting force while maintaining the smallest manning levels possible to support our national security interest. Obviously, we are proud of the achievements of our Guard and Reserve forces and know that the successful outcome of the Persian Gulf war could not have been so convincingly accomplished without our so-called weekend warriors.

I would like to note that approximately 106,000 of all Reserve component personnel called to duty ended up in the Kuwait theater of operations. Clearly, this was a sizeable and vital element of the total force deployed in Operation Desert Storm.

The purpose of this morning's hearing is to assess the effectiveness of the total force concept. The Persian Gulf war provided the first real test of this concept in major conflict involving our Armed Forces. It is evident that this concept fared well during the recent months, yet I think it is fair to say that the Persian Gulf war also demonstrated that the blending of Active and Reserve components needs further refinement to achieve an optimum fighting force.

Furthermore, as we are all aware, the Department will need to make adjustments with the current total force structure in order to sustain an optimal fighting force while our country reduces the size of its Armed Forces to reflect national budget priorities and changing global strategies.

As the composition of our forces evolves over the next 2 years, we will be establishing the basic structure of our forces for the next century. It is with this background and its far-reaching impact that we must openly address several issues today.

First and foremost is the question of how to improve the total force policy as we shrink the size of our Armed Forces, and as we pursue this main topic we have to temper our deliberations by asking ourselves if we can afford these changes from the national security point of view, and we must address the reality that many Reserve component troops called to active duty will still be serving when fiscal year 1992 begins. Do we need to adjust the timetable of the force drawdowns agreed upon prior to the start of the hostilities in the Persian Gulf?

As I am certain you are all aware, no future changes can be successfully implemented without drawing on our past experiences. Therefore, we must also review the proficiency with which the Department has enforced the first-to-fight, first-to-be-equipped concept. What weaknesses have come to the fore, and has the Department successfully followed its own guidelines?

Also related is the Guard and Reserve appropriation that Congress established and which is dedicated to the procurement of critically needed equipment necessary to ensure that we have a modern fighting force, properly outfitted to fulfill its responsibilities. In addition to equipping the force, we need to assess the impact of Reserve component training over the last several years. Has the training been effective and will the reduced funding in the future—can we expect to adequately train the Guard and Reserve forces that will be required to deploy in the event of a future call-up?

INTRODUCTION OF WITNESSES

Before we begin our hearings, I would like to introduce our distinguished guests. On our first panel, we have the Honorable Stephen M. Duncan, Assistant Secretary of Defense for Reserve Affairs, and the Honorable Christopher Jehn, Assistant Secretary of Defense for Force Management and Personnel.

Our second panel will be comprised of representatives from the National Guard, including Lt. Gen. John B. Conaway, Chief of the National Guard Bureau, Maj. Gen. Donald Burdick, Director of the Army National Guard, and Maj, Gen. Philip G. Killey, Director of the Air National Guard. The third panel will consist of representatives from our Reserve forces.

With us today are Maj. Gen. William F. Ward, Chief of the Army Reserve, Rear Adm. James E. Taylor, Director of the Naval Reserve, Maj. Gen. Hollis C. Davison, Assistant Deputy Chief of Staff for Manpower and Reserve Affairs, and Maj. Gen. John J. Closner, Chief of the Air Force Reserve.

Welcome, gentlemen, and welcome, Mr. Secretary. Mr. Secretary and Mr. Jehn, you may proceed as you wish. I would like to announce that we have received all of your prepared statements and they will be made a part of the record.

SUMMARY STATEMENT OF MR. JEHN

Mr. JEHN. Thank you very much, Mr. Chairman. I have, of course, a prepared statement, and with your permission I would like to enter it into the record.

Three weeks ago, as you will recall, I appeared before this committee with the personnel Chiefs of the four armed services. At that time, I noted there were two important differences from previous years in the testimony we were about to give.

The first, of course, was that we had just won a major war, and the second was that we were there to discuss our budget—and that we are here today to discuss as well—our budget reflects a new defense strategy. I would note the same things today. Our new strategy is no longer focused on global war with the Soviets. Instead, it is focused on the necessity to be prepared for major regional contingencies, major contingencies like the one we just fought in the Persian Gulf.

Despite this major change—and I think its significance should not be underestimated—there is one important continuity from previous years—reliance on the total force—and the events, I think, since last August, as you yourself noted, confirm the wisdom of our total force policy.

In the large, the total force policy worked, and I might add that means not just the Active and Reserve components. We tend to focus on them when we talk about the total force, but I think it is important to recognize also our other components, the civilian personnel contractor support, host nation support—all three of those components as well as the Active and Reserve components made important, essential contributions to our efforts in the Persian Gulf.

To repeat, the total force policy was a big success—it worked—and so it is with a great deal of pleasure that I appear before you today to answer your questions on that total force policy and our proposed fiscal 1992 budget.

Thank you.

[The statement follows:]

STATEMENT OF SECRETARY CHRISTOPHER JEHN

The Total Force Policy is a creative response to this nation's responsibilities as a global power tempered by fiscal and demographic realities. Although the majority of the military capability of the United States resides in the active component, we also depend upon the reserve forces, the civilian component, host nation support, and contract support to maintain, in peacetime, capabilities that would be required in war. The roles assigned to the components of the Total Force reflect national defense strategy and have evolved over time in reaction to world and national events.

Our new strategy was articulated by President Bush in his speech in Aspen, Colorado on August 2, 1990.

The key element of this strategy is the redirection of attention away from a global war beginning in Europe, focusing instead on regional contingencies with the concurrent requirement to sustain the forward military presence necessary to deter the outbreak of regional conflicts. The strategy recognizes the requirement to field a quality military force, to maintain and modernize our strategic capabilities, and to remain cautious in an increasingly uncertain world.

The new strategy is the result of changes in the geopolitical environment that have taken place throughout the world. The most important are the changes that have taken place in the Soviet Union and the Warsaw Pact. The dissolution of the Warsaw Pact, the decreased Soviet ability to project conventional military power beyond its own borders, and the enormous uncertainty about developments inside the Soviet Union and in the Eastern European nations all indicate a reduced requirement for forward deployed forces dedicated to the defense of Europe. Notwithstanding all of the problems facing the Soviet Union, it must be remembered that the Soviets retain a significant strategic capability, and that this capability is being modernized across the board.

The development of this new strategy has also been driven by changes in the characteristics of future regional threats. We postulate that regional crises or conflicts are likely to arise, or escalate, unpredictably and on very short notice. At the same time, however, the danger of escalation into global war has decreased.

Changes in relations with our allies is another key factor allowing refinement of our national strategy. Fundamental changes in the political geography (such as the disintegration of the Warsaw Pact, German reunification, and the reduced Soviet influence in Eastern Europe) have caused far-reaching changes in the relationships among allies as nations seek to identify their appropriate role in the world community. While each is being expected to shoulder an increased proportion of defensive responsibilities, all agree that continued U.S. presence remains vital to provide reassurance of U.S. intent and provide regional stability.

Lastly, changes in the nature of warfare have considerable impact on strategic considerations as demonstrated in Operation Desert Storm. Changes in advanced technologies, as manifested in stealth technology and the rapid advancements made in information technology, and doctrinal and operational developments have all changed the manner in which war is waged.

In summary, all of these changes dictate a fundamental shift in our strategy. The key elements of this new strategy are contained in the following six tenets:

1. Maintenance of a system of worldwide alliances.
2. Maintenance of U.S. forward-deployed forces, but at lower levels.
3. Retention of forces and mobility to respond to crises and to reinforce forward units.
4. Maintenance of a robust Navy to control the world's oceans.
5. Retention of a national capacity to reconstitute forces.
6. Preservation of a strong strategic offensive and defensive capability.

These tenets have important and far-reaching implications for the Total Force. As President Bush noted in his Aspen speech, "the United States would be ill-served by forces that represent nothing more than a scaled-back or shrunken-down version of the ones we possess at present. * * * What we need are not merely reductions—but restructuring."

Based upon the President's vision of the force structure needed to implement the national strategy and its basic tenets, we have formulated a Total Force structure consisting of four force packages with four supporting capabilities. Definition of these force packages has a direct impact upon the roles assigned to each of the Total Force components.

The first of the force packages is Strategic forces, which consists of a modern strategic arsenal, including the B–2 bomber, the Trident submarine, strategic C31, and a strategic defense initiative reoriented to the threat posed by the proliferation of ballistic missiles. With its immediate response requirement, the strategic forces will necessarily be completely within the active component.

The second force package is Atlantic forces. This package includes a reduced forward presence in Europe, possibly a heavy Army Corps with supporting Air Force wings. It would have the ability to reinforce Europe or Southwest Asia if necessary. With the anticipated lengthened warning time in Europe, this force package includes a significant reserve component structure.

The Pacific forces are primarily maritime in nature with some Army ground and Air Force presence. This will be a lighter force and will be less forward-deployed than the Atlantic forces. We will maintain the capability to reinforce from Hawaii, Alaska and CONUS which means there will be less reserve component structure dedicated to the Pacific forces than to the Atlantic.

The fourth force package is the Contingency force. This is a light, mobile force ready to go anywhere in the world in a moment's notice. Due to its required high state of readiness, it will be less dependent upon the reserves except to sustain operations in excess of sixty days in length.

These four force packages by themselves would be virtually incapable of sustained operations without the existence of four critical capabilities. The first of these is Transportation. This includes additional sealift and modernized airlift to include the C–17. We can expect significant reserve component structure to be called upon to provide the necessary sea and airlift. Second, we also must ensure sufficient Space Systems are provided for command and control, surveillance, navigation, and the ability to operate freely and effectively from space.

The third capability is Reconstitution. The ability to rebuild our forces in two or three years is necessary in case the world does not develop the way we think it will or we find we do not have the right type or number of forces to meet an emerging requirement. We must ensure that we have invested in those elements of reconstitution that would be needed to generate the military capability required to meet future contingencies. Cadre structure, for example, is one way that we will be able to rebuild our forces over a relatively short period of time.

Fourth, a solid Research, Development, and Acquisition system is necessary to ensure that U.S. forces are always supplied with the most modern, reliable, and technologically advanced weapon and support systems possible.

The force packages and capabilities just outlined have been formulated to meet the nation's evolving defense needs in a rapidly and dramatically changing world. The recent experiences of Desert Shield/Desert Storm will help us refine the missions assigned to each of the Total Force components.

The implementation of the Total Force precepts and the recognition of the fiscal constraints placed upon the Department require that we reduce the active military force by over 416,000, or 20.1%, between fiscal year 1990 and fiscal year 1995. At the same time we will reduce the reserve components by about 222,000, or 19.7%. This is more than a reduction, it is a fundamental restructuring of our military force. From the end of fiscal year 1990 through fiscal year 1993 the Army will deactivate four active and two reserve divisions and one active corps. At the same time two reserve divisions will be converted to cadre status. The Navy will decommission eighty-one Battle Force Ships, going from 545 to 464 ships, and inactivate two active component carrier air wings. The Air Force will reduce eight active and one reserve tactical fighter wings and eliminate ninety-seven strategic bombers. Civilian reductions during the end fiscal year 1990 through fiscal year 1995 period will be about 133,000, or 12.4%, and reflect the reduced requirement for supporting infrastructure and the implementation of management improvements.

This restructuring is consistent with the President's new strategy and reflects Total Force Policy by taking advantage of the strengths of each component. We have increased reliance upon active forces for early deployment and forward presence. The reserves will provide follow-on support to early deploying forces and reconstitution capability. Lastly, all components of the Total Force, active, reserve, and civilian, will contribute to the four critical capabilities necessary for the force packages to accomplish their intended purpose.

STATEMENT OF HON. STEPHEN M. DUNCAN, ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

Senator INOUYE. Secretary Duncan?

Mr. DUNCAN. Mr. Chairman, thank you very much. I am honored to appear before the committee. Let me preface my comments by saying that calendar year 1990, almost, was a remarkable year for the Reserve forces.

As the chairman will recall, when we started calendar year 1990 we were engaged in Operation Just Cause. Through the course of 1990 we were engaged in budgetary discussions that affect the total force. We were also conducting total force policy study for the Secretary of Defense. We concluded the year with Operation Desert Shield, only to start calendar year 1991 with Operation Desert Storm. It has been a remarkable time and it has been a remarkable test for the Reserve forces, as Mr. Jehn said.

I am happy to report to the committee that it has been a very successful year for the Reserve forces. We had several ideas about how the Reserve forces might perform if actually called to active duty. Those ideas were based primarily on our experience—in several different kinds of crises—with large numbers of Reserve volunteers. We knew how the volunteers performed, but until our recent live test, we did not know with certainty how reservists would respond to an involuntary call to active duty.

I am happy to report that the reservists responded with alacrity to the Nation's call to arms. It turns out that almost 228,000 were called from all of the Reserve components. They responded with very high motivation and the same kind of professionalism that we have come to expect in peacetime operations since we initiated the total force policy many years ago.

I tried to anticipate the committee's areas of interest by submitting a very comprehensive prepared statement. I have done my best to anticipate your areas of interest. I would suggest a word of caution: I have been somewhat frustrated in recent weeks because there has been considerable confusion in the minds of at least some commentators about what the total force policy is and what the total force policy is not. What has worked and what has not. The total force policy worked with remarkable success in Operations Desert Shield and Desert Storm and I have tried to address some of the areas that have been the subject of confusion in my statement. With that, Mr. Chairman, I will simply close and look forward to your questions.

[The statement follows:]

STATEMENT OF HON. STEPHEN M. DUNCAN

Mr. Chairman, and Members of the Committee, thank you for this opportunity to discuss the Department of Defense Total Force Policy. As the public debate proceeds on the future contributions of Reserve forces to the implementation of our new military strategy, it is critical that there be a full understanding of this important policy.

In my testimony to the Congress last year, I asserted that the Reserve forces of the United States are the best in the world. By way of illustration, I described the actual performance of four of the seven Reserve components in Operation JUST CAUSE in Panama. Little did I anticipate then, that today I would be describing the recent performance of all of the Reserve components in another armed conflict 8,000 miles from American shores.

Since August, 1990, the wisdom of the Total Force Policy and the nation's reliance on Reserve forces has been tested in ways that are unprecedented since the adoption of the policy. As a consequence of Operations Desert Shield/Desert Storm and of the first Presidential call-up of Reserve forces in over two decades, the Secretary of Defense authorized the call to active duty of 360,000 members of the Ready Reserve. In excess of 223,000 of those Reservists have actually been ordered to active duty and 106,000 have served in the Kuwait Theater of Operations. Tens of thousands of additional Reservists have volunteered or have been called to active duty to serve at bases in the United States and in other parts of the world.

I would not presume to discuss here all of the many factors that contributed to the historically unprecedented victory of our Armed Forces in the Persian Gulf War, but there can be no doubt that both the call to active duty and the performance of the National Guardsmen and Reservists who have served in connection with that conflict have been marked by extraordinary success. In his address to the Congress and the nation on March 6, the President declared that "* * * this victory belongs * * * to the regulars, to the reserves, to the National Guard. This victory belongs to the finest fighting force this nation has ever known in its history." In testimony to the Congress on February 7, the Chairman of the Joint Chiefs of Staff described the contributions of the Reserve components to Operations Desert Shield/Desert Storm as "magnificent." On March 6, the Commander-in-Chief of Forces Command informed Congress that the performance of National Guardsmen and Reservists has been "one of the major success stories of the entire operation."

The anecdotal stories about the performance of both Reserve combat and support units are legion, but the stories of Company "B" of the 4th Tank Battalion, 4th Marine Division, a Reserve unit from Yakima, Washington, and of the Air Force Reserve's 926th Tactical Fighter Group from New Orleans, Louisiana, are illustrative. In December, Company "B" was ordered to active duty. Leaving its aging M60A1 tanks at home, the unit proceeded to Saudi Arabia after stopping for 18 days at the Marine Corps Air Ground Combat Center in Twentynine Palms, California to train on modern M1A1 tanks. The training was completed on February 14. The unit deployed three days later. Upon arrival in Saudi Arabia on February 19 the unit picked up 13 M1A1s and took them into battle on February 24, 1991 with the 2nd Marine Division. In its first engagement shortly before dawn on February 25, company "B" detected (using night division devices) an Iraqi Mechanized Brigade. A formation of T72s (Iraq's most modern tank) was passing through another formation of Iraqi T55 tanks that were dug into revetments. In an action that lasted only a few minutes, Company "B" destroyed or stopped 34 of 35 enemy tanks. In a total of four engagements, Company "B" accounted for 59 enemy tanks, including 30 T72s. Elements of the 926th Tactical Fighter Group were the first to score an air-to-air kill in the A–10 fighter. The unit was credited with two air-to-air kills and in the last days of combat, one pair of pilots from the 926th destroyed 20 Scud launchers.

To fully understand the extent of the nation's reliance on Reserve forces in the conflict, it is useful to focus first on its several stages.

OPERATIONS DESERT SHIELD/DESERT STORM

USE OF RESERVE VOLUNTEERS

On August 2, 1990, Iraq invaded Kuwait. On August 8, the President announced the major deployment of U. S. forces to Saudi Arabia to take up defensive positions against an attack by Iraqi troops across the Kuwait border. The subsequent deployment of U.S. forces to Saudi Arabia was one of the most challenging deployments in our nation's history. In the first three weeks of the operation, the United States deployed more military capability than it did during the first three months of the Korean conflict.

Even before the President authorized an involuntary call-up of Reserve forces, Reserve volunteers made major contributions to Operation Desert Shield. Over 500 Reservists volunteered for active duty on the first day of the deployment. As soon as the decision was made to deploy forces to Southwest Asia, volunteers from the Air Reserve Components responded immediately to perform vital strategic airlift and tanker support missions with C–5, C–141, C–130 and KC–135 aircraft. In August 1990 alone, Air Force Reserve and Air National Guard volunteers flew 42 percent of the strategic airlift missions and 33 percent of the aerial refueling missions. By the time that Operation Desert Storm commenced on January 16, 1991, over 188,000 personnel and 375,000 short tons of equipment had been airlifted by the Air Reserve Components to Saudi Arabia. Air Reserve Component volunteers also performed important maintenance, medical, civil engineering, aerial port, and security police operations.

Volunteers from the other Reserve components also provided critical skills. Army Reserve volunteers promptly addressed urgent water-purification, supply distribution and other support needs. Naval Reserve volunteers supported air operations with C–9 aircraft and performed important medical, logistics support, intelligence and cargo handling missions. Coast Guard Reserve volunteers provided port security and supervised and control led the loading of explosives and other hazardous materials. Army National Guard volunteers also made important contributions by providing military police and movement control assistance. By August 22, the date on which the President authorized the involuntary activation of Selected Reserve units and individuals, over 10,000 volunteers from all of the Reserve components were serving on active duty. The challenge was to match the military skills of the volunteers to those skills which were needed.

TABLE I.—RESERVE COMPONENT VOLUNTEERS WHO SUPPORTED OPERATION DESERT SHIELD

	Aug. 8	Aug. 15	Aug. 22
Army National Guard	5	68	107
Army Reserve		200	392
Naval Reserve		26	183
Marine Corps Reserve		50	50
Air National Guard	216	2,700	3,737
Air Force Reserve	350	4,500	5,992
Coast Guard Reserve	24	131	197
Total	595	7,675	10,658

CALL TO ACTIVE DUTY OF THE SELECTED RESERVE

On August 22, 1990, twenty days after the Iraqi invasion, and less than two weeks after the first U. S. forces arrived in Saudi Arabia, the President signed Executive Order No. 12727, exercising Title 10, Section 673b of the U. S. Code. By that action he authorized the Secretary of Defense and the Secretary of Transportation to order to active duty organized units and individual members of the Selected Reserve. The exercise of Section 673b was the first call-up of Reserve forces since the adoption of the "Total Force" concept in the early 1970s. The next day, Secretary Cheney delegated authority to the Secretaries of the Military Departments to order to active duty as many as 48,800 members of the Selected Reserve. Ceilings of 25,000, 14,500, 6,300 and 3,000 were established for the Army, Air Force, Navy and Marine Corps respectively. The Secretary of Transportation authorized the Coast Guard to order to active duty as many as 1,250 Coast Guard Reservists.

On August 24, the first call to active duty of specific Selected Reserve units from the Air Reserve Components was announced. Later the same day, the Army National Guard began giving advance notice to certain units and within the next two days the first Army Guard and Army Reserve units were ordered to active duty. Selected Reservists from the Navy and Coast Guard were also called. Units from the Marine Corps Selected Reserve were not called until October 11 because the initial plans for Desert Shield did not contemplate their use.

By November 14, 1990, the Army had activated 235 National Guard and Reserve units including 24,000 personnel from 44 states and Puerto Rico. Medical, maintenance, terminal operations, and a variety of other critical combat support and combat service support units were called to fill shortfalls both in CONUS and Saudi Arabia. More than 285 Naval Reserve units from 39 states, the District of Columbia, and Puerto Rico were ordered to active duty. Many of the units called, especially those with medical skills, were used to backfill critical vacancies created by the deployment of active duty personnel from CONUS facilities. Other Naval Reservists were called to participate in cargo-handling, minesweeping, control of shipping, sealift, logistics and intelligence missions. Some 32 Selected Reserve units from the Air Reserve Components were called, to perform the ongoing and urgent airlift, aeromedical, and related requirements. On November 10, the Marine Corps activated its first 160 members of the Fourth Marine Division Aircraft Wing. A total of 44,847 Selected Reservists were called to active duty by November 18.

TABLE II.—SELECTED RESERVISTS CALLED TO ACTIVE DUTY PURSUANT TO 10 USC 673b

	Aug. 27	Sept. 30	Oct. 28	Nov. 18
Army	4,300	18,035	23,485	33,461
Navy	1,179	4,030	4,494	4,617
Air Force	1,556	3,562	4,489	5,041
Marine Corps			157	1,138
Coast Guard		181	181	590
Total	7,035	25,808	32,806	44,847

On December 1, 1990, and once again pursuant to Section 673b of Title 10, the Secretary of Defense authorized the Secretaries of the Military Departments to order to active duty a total of 188,000 members of the Selected Reserve, including as many as 115,000 members of the Army Selected Reserve, 30,000 members of the Navy Selected Reserve, 23,000 members of the Marine Corps Selected Reserve, and 20,000 members of the Air Force Selected Reserve. By January 13, 1991, a total of 146,106 Selected Reservists had been called to active duty in accordance with Section 673b and thousands of Reserve volunteers remained on active duty.

TABLE III.—SELECTED RESERVISTS (UNIT PERSONNEL) CALLED PURSUANT TO 10 USC 673b

	Nov. 18	Nov. 25	Dec. 2	Dec. 9	Dec. 23	Jan. 13
Army	32,936	52,058	69,240	83,720	87,567	102,172
Navy	4,616	5,416	6,849	6,979	7,438	11,366
Air Force	4,733	4,730	5,639	6,895	10,492	14,328
Marine Corps	1,101	3,932	10,551	15,861	16,354	17,962
Coast Guard	280	278	278	278	280	278
Total	43,666	66,414	92,557	113,733	122,131	146,106

As Table IV demonstrates, the Reservists were engaged in a wide range of activities and missions.

TABLE IV.—*Use of Selected Reservists in Operation Desert Shield*

Component usage	*Personnel*
Army:	
Combat (Field Artillery)	979
Transportation	13,708
Military Police	8,242
Supply and Service	13,716
Maintenance	6,548
Command and Control	1,074
Engineer	2,554
Intelligence	420
Medical	18,036
CONUS (Augmentation)	25,138
CONUS (In Preparation/CS,CSS)	20,181
CONUS (In Preparation/Combat)	13,000
Total	123,596
Navy:	
Medical	7,731
Mobile Inshore Undersea Warfare	197
Mine Sweepers	51
Military Sealift Command (MSC)	373
Naval Control of Shipping (NCS)	80
Intelligence	245
Logistics Support	2,173
Combat SAR (HCS)	28
Cargo Handling Battalions/Staff	644
Seabees	2,314
Ship Augment	1,112
Other/Miscellaneous	635
Total	15,583
Marine Corps:	
CONUS (Augmentation/Training)	5,189
MEF (Augmenting/Reinforcing)	16,840
Command and Control	674
Total	22,703
Air Force:	
Strategic Airlift	1,359
Tactical Airlift	3,149
Medical	5,226
Combat Communications	169

TABLE IV.—*Use of Selected Reservists in Operation Desert Shield*

Component usage	*Personnel*
Fighter	1,582
Security Police	606
Supply and Service	94
Refueling	2,948
Command and Control	19
Intelligence	67
Search and Rescue (SAR)	124
CONUS Augmentation/Training	10,467
Total	25,600
Coast Guard:	
Port Security (USA)	462
Port Security (Middle East)	281
CONUS Augmentation/Training	57
Total	800

It is important to note that even before the armed conflict began, various combat units from the Selected Reserve were called to active duty along with a wide range of support units from each of the Services. The labeling distinction between "combat" and "support" units and personnel can be more artificial than real, but it is fact that by January 15, 1991, the following Reserve units were already serving in the Kuwait Theater of Operations:

TABLE V.—*Selected Reserve combat units called prior to Operation Desert Storm*

Service/unit	*Number of Personnel*
Army:	
142nd Field Artillery Brigade	1,410
196th Field Artillery Brigade	1,490
Marine Corps:	
14th Artillery Regiment	1,150
4th Tank Battalion	400
8th Tank Battalion	950
2/24th Infantry Battalion	810
3/23rd Infantry Battalion	890
1/25th Infantry Battalion	760
3/24th Infantry Battalion	800
Air Force:	
152nd Tactical Recon Group	140
174th Tactical Fighter Wing	450
169th Tactical Fighter Group	580
926th Tactical Fighter Group	425
Navy:	
U.S.S. *Impervious* (MSO)	30
U.S.S. *Adroit* (MSO)	20

On November 5, 1990, Congress amended Section 673b to permit the activation by the President (in connection with Operation Desert Shield only) of combat units of the Selected Reserve for an extended period of time up to 360 days. Only three days later, three Army National Guard "roundout" combat brigades were notified of the Army's plans to activate them. I will say more about the "roundout" concept and those brigades later.

CALL TO ACTIVE DUTY OF THE READY RESERVE

On January 16, 1991, Operation Desert Storm commenced. On January 18, 1991, the President authorized the Department of Defense and the Department of Transportation to order to active duty members of the Ready Reserve, including units and individuals of both the Selected Reserve and the Individual Ready Reserve, pursuant to the provisions of Section 673 of Title 10, United States Code. The immediate impact of the authorization was two fold. First, it permitted retention on active duty of certain Reservists who had critically needed skills for a period longer than the cumulative total of the 180 days authorized by Section 673b of Title 10. Second, it permitted a call to active duty of a total number of Ready Reservists in excess of the 200,000 authorized by Section 673b.

The following day, Secretary Cheney authorized the Secretaries of the Military Departments to order to active duty Ready Reserve units and individual members of the Ready Reserve not assigned to units organized to serve as units, a total of 360,000, including 220,000 members of the Army Ready Reserve, 44,000 members of the Naval Ready Reserve, 44,000 members of the Marine Corps Ready Reserve, and 52,000 members of the Air Force Ready Reserve. The subsequent call to active duty of members of the Individual Ready Reserve (IRR) was the first such call since May, 1968. Members of the IRR are not assigned to units, have usually served previously on active duty or in the Selected Reserve, and have a remaining military service obligation. When Operation Desert Shield commenced, the IRR (including the Inactive National Guard) constituted some 13 percent of the Total Force and 28.6 percent of the Ready Reserve.

When combat operations in Desert Storm ceased on February 28, a total of 222,614 members of the Ready Reserve had been called to active duty, including 202,337 Selected Reservists and 20,277 members of the IRR. Table VI summarizes the number of Ready Reservists who have been called to date, including those called subsequent to the cessation of hostilities to assist in the return of equipment and units to the United States or the process of demobilization.

TABLE VI.—READY RESERVISTS CALLED TO ACTIVE DUTY AS OF MARCH 17, 1991

Service	Selected Reserve	IRR	Total
Army	125,812	9,312	135,124
Navy	19,708	15	19,723
Marine Corps	27,418	6,262	33,680
Air Force	33,515	829	34,344
Coast Guard	955		955
Total	207,408	16,418	223,826

RESPONSIVENESS TO ORDERS TO ACTIVE DUTY

Subsequent to the adoption of the Total Force Policy in 1973, and until August 1, 1990, no unit or individual of the Ready Reserve had been involuntarily called to active duty. All available indicators reflected the high quality of Reserve personnel, but there was no historical experience upon which to base conclusions about their likely responsiveness to involuntary calls to active duty. While a test of the responsiveness of randomly selected units of the Selected Reserve was conducted on October 24–26, 1987, that test was limited in that it involved only 15,451 Selected Reservists from 120 units, and it did not involve personnel in the Individual Ready Reserve. I informed the Congress in early 1988 that over 92 percent of the Reservists contacted in that test reported to their Reserve Center or Armory (or were excused), but I could not inform the Congress of the readiness or capability of the units involved in the test since readiness and capability were not tested.

The fact that it had not been necessary for any President to call Reservists to active duty in over two decades caused some observers to believe that Reservists would not be called for any reason short of a global conflict. Two of the most impressive and rewarding aspects of Operations Desert Shield/Desert Storm, however, have been the smoothness of the process by which Reservists have been activated, and the responsiveness of Reservists in every service to the nation's call to arms in what the Commander-in-Chief of Forces Command has called "the largest, fastest mobilization since WW II."

Much of the success of the activation can be attributed to the recently improved understanding of Sections 673 and 673b (of Title 10) by senior DOD policymakers. Intense focus on these statutory provisions by the Total Force Policy Study Group in 1990 and by participants in wargaming exercises in 1989 and 1990, paid dividends when it became necessary to actually exercise the authority granted by those provisions.

The responsiveness to orders to active duty of units and individuals from the Ready Reserve was very impressive. They responded with alacrity and high motivation. No significant problems were encountered and with minor exceptions, the number of Ready Reservists who were unable to deploy was comparable to that of Active units. The fact that over 223,000 Ready Reservists have responded in this way is, by itself, eloquent testimony to the quality of the modern American National Guardsman and Reservist.

STUDY OF THE TOTAL FORCE POLICY

Operations Desert Shield/Desert Storm have provided a unique opportunity to test the Department's Total Force Policy. The lessons which have been learned from those operations and the empirical evidence which is being accumulated, will be invaluable.

It will, perhaps, be an ironic footnote to the history of the Department of Defense, that at the same time that the recent "test" of the policy was underway, a separate study of the policy was being conducted within the Department. As this distinguished committee is aware, on December 31, 1990 and pursuant to Section 1101 of the fiscal year 1990 National Defense Authorization Act, the Final Report of the work of the Department's Total Force Policy Study Group was presented to the Secretary of Defense. I served as the Vice Chairman of the 24 member Study Group which included the chiefs of each of the Reserve components as well as other senior civilian and military leaders from the Office of the Secretary of Defense and the military departments.

The study of the Total Force Policy took place during a time of rapid and historic change in the strategic environment. When the work of the Study Group commenced, American armed forces were engaged in Operation JUST CAUSE in Panama. When the report was completed, American forces were engaged in Operation Desert Shield and 134,000 members of the Selected Reserve had already been called to active duty. During the course of the study, public debate was intense on issues that would have significant implications for future defense budgets.

The Final Report of the study of the Total Force Policy was not intended to answer with finality the many complex issues that were considered in the study. The Study Group's work did serve, however, and should continue to serve as an important point of departure for the reevaluation of old assumptions, the consideration of the many lessons that have been learned in Operations Desert Shield/Desert Storm, and the building of the forces that will be necessary to meet our nation's future security needs.

On the question of the fundamental wisdom of the Total Force Policy, there is no doubt. The Final Report of the study of the policy concluded that "while the implementation of the policy has been uneven at times, since its inception the Total Force Policy has, by any standard, been a great success." In testimony to the Congress on December 3, 1990, the Chairman of the Joint Chiefs of Staff also concluded that: "* * * the success of the Guard and Reserve participation in Desert Shield cannot be overemphasized. Their participation has been a significant factor in affording us flexibility and balance, and reinforces the policies and decisions made over the last 10 years to strengthen the total force concept."

Similar remarks were made by General Maxwell Thurman, the former Commander-in-Chief of the Southern Command and field commander of Operation JUST CAUSE at his recent retirement ceremony:

"The Total Force became a reality in the 1980's.* * * The Total Force is an American and military success story. Any problems we have encountered pale against the talent—dedication and professionalism of our Guardsmen and Reservists."

As early as last September Secretary Cheney informed Congress that he remains "fully committed" to the Total Force Policy and he was even more succinct when he recently observed that the nation "clearly can't go to war without the Reserves and the Guard."

It would not be useful here to summarize the many observations and conclusions that were contained in the Final Report of the Total Force Policy Study Group, but in light of actual experience in the Gulf War, many of those conclusions are instructive. The report specifically noted for example, that the objective of the Total Force Policy has been to maintain as small an Active peacetime force as national security policy, military strategy and overseas commitments permit, and to integrate the capabilities and strengths of Active and Reserve forces in a cost-effective manner. While it is unnecessary and unrealistic and would be unacceptably expensive to attempt to make every National Guard and Reserve unit the absolute equal of the best Active units (in terms of readiness and capability), the Study Group concluded that it is clear that Reserve forces can be relied upon for effective augmentation of Active units.

The effect of the Total Force Policy during the decade of the 1980s, was to place a substantial portion of our total military force in the Reserve components. Reserve forces were assigned demanding wartime missions and critical peacetime operational responsibilities. Experience since 1973 has demonstrated unequivocally, that in times of both peace and war, the Total Force Policy has provided a cost-effective vehicle for achieving the objectives which are established by our military strategy at acceptable levels of risk.

The lessons to be learned from the Gulf War will require study for months or even years, and it is premature to attempt to describe the various specific ways in which the implementation of the Total Force Policy might be improved. Generally, however, I believe that an improvement in the implementation of the policy will require broader understanding of the often unique capabilities, but also of the limitations of the various types of Reserve forces; more insightful appreciation of the kinds of specific missions which can and should be assigned to specific Reserve forces; innovative approaches to the training of Reserve units and individuals for the performance of specific missions; and a general willingness by all who engage in the public debate on the improvement of the Total Force Policy, to permit their current views on the subject to evolve as new evidence is brought to light from our experience in Desert Shield/Desert Storm and as new training methodologies and technologies open new opportunities.

ARMY'S "ROUNDOUT" CONCEPT

One of the difficulties encountered in most discussions of the "Total Force" concept, is the general lack of understanding of some of the more subtle aspects of the idea. There is high potential for confusion when certain related, but collateral ideas are included in the discussions. In testimony to the Congress last year I noted even the term "Reserves" can be misleading to some people. Many Reserve units have early deploying missions and are not "Reserves" at all in the sense of forces held in "reserve" for use late in a conflict.

There is also a general tendency, to speak in broad terms about the missions that can be assigned to Reserve units generally, rather than to focus on the types of specific missions that can be performed by specific types of Reserve units. Some missions are ideal for Reservists. Others are clearly not. Many "Reserve" units (with a mix of part-time and full-time support personnel) can and should be assigned combat and support missions which may require early deployment because of the unique skills involved (e.g., air crews). Other Reserve units should be assigned missions which permit later deployment. Some missions can be assigned to either Active or Reserve units, depending upon cost considerations, the amount of risk that force planners are willing to accept, and other factors.

Similar confusion has arisen in recent months on the distinction between the Total Force Policy, which applies to all of the military services and to Department of Defense civilians, and the related but collateral practice of the Army only, known as the "roundout" concept. To a great extent this confusion is the result of a lack of understanding about the differences that exist between the type of training that is required of Reservists who perform combat missions as part of large, ground maneuver units, and the training which is required of Reservists who perform other types of combat and support missions.

As I stated previously, Mr. Chairman, the Total Force Policy seeks to integrate the capabilities of combat and support units (including early and late deploying units) in all of the six Reserve components, with those of Active units, in order to give the nation the greatest available military capability for the least cost. The "roundout" concept on the other hand, involves the use of Army National Guard or Reserve brigades to "roundout" Active component divisions which include two Active component brigades. Three Army National Guard brigades were called to active duty in connection with Operations Desert Shield/Desert Storm, including the 155th Armored Brigade from Mississippi, the 48th Infantry Brigade (Mechanized) from Georgia, and the 256th Infantry Brigade (Mechanized) from Louisiana. The brigades have constituted less than 7 percent of the total number of Reservists who have been called to active duty, but they have been the subject of much and often uninformed attention.

Some of the attention resulted from the fact that when the Army's 24th Division was deployed to Saudi Arabia shortly after the Iraqi invasion of Kuwait, it was not yet clear that it would be necessary to order any Reserve forces to active duty. The division thus deployed without the 48th Brigade, its "roundout" brigade. Instead, the Army sent an available active duty brigade from Georgia. When the President authorized the activation of Reservists on August 22, limitations of law (which then restricted activations of Reservists to an initial period of 90 days and one extended period of 90 days) made a call-up of such large combat units impractical. After receiving the post call-up training that had long been planned and shipping their considerable equipment by ship to the war zone, such units could not have been retained in the theater as long as necessary.

On November 5, 1990, Congress did, of course, amend Section 673b of Title 10 of the U.S. Code to permit activation of Reserve combat units for Operation Desert Shield for as long as 360 days. Three days later, the Secretary of Defense announced that the three Army National Guard brigades would be activated. Subsequent to that activation, they received extensive training at various locations and when the temporary cease fire took place, had either been certified or were about to be certified by the Army as ready for combat, if needed. Secretary Cheney had made it clear from the beginning of the conflict that no military unit, Active or Reserve, would be sent into combat until it was ready. Any other policy would have been irresponsible and completely disloyal to the gallant soldiers whose lives would have otherwise been at greater risk.

Because of the great interest that was attracted by the three Army National Guard roundout brigades, I spent considerable time subsequent to their activation observing and studying their training and performance. Over a several week period I visited the 48th Brigade during its training at Fort Stewart, Georgia and the 155th Brigade and 256th Brigade during their training at Fort Hood. I talked at length to the commanders of each of the brigades; to soldiers of all ranks within the brigades; to the commanders and officers of the divisions to which the 155th and 256th Brigades were rounded out (the 4th and 5th Infantry Divisions respectively); to a GAO team that was itself studying the brigades; to the Army Inspector General; to training specialists; to the Commander-in-Chief of Forces Command; and to various other National Guard, Department of the Army and DOD officials.

From these efforts I received several impressions. First, that the soldiers of all three brigades are very highly motivated, aggressive and intelligent. The comments of Active component trainers at all levels were uniform in this regard and the Commander-in-Chief of Forces Command has expressed the view that the "enormous progress" that the three roundout brigades made during three months of training at Fort Hood and the National Training Center was a reflection of their "intrinsic professionalism, competence, and commitment." Consequently, and as Secretary Cheney has stated, the facts that the brigades were not among the very first units called to active duty and that the quick victory in the armed conflict made it unnecessary to send them to the Persian Gulf "in no way reflects adversely upon those units." To the contrary. We have every reason to be extremely proud of each of the brigades.

Second, I found no instance where the brigades were receiving training that was unnecessary for the missions they were being readied to perform or where standards were applied that were different from those applied to Active units. Every Guardsman that I talked to welcomed the training and felt that it was necessary.

Third, it was clear that considerable effort was made by the roundout divisions to bring the brigades to combat readiness standards. Some 1,800 soldiers from the 4th Infantry Division (Colorado Springs) traveled to Fort Hood, for example, to assist in the training of the 155th Brigade. The 5th Infantry Division provided the same level of effort to the 256th Brigade.

The training experience with the three brigades did corroborate important observations that emerged from the study of the Total Force Policy. The Final Report of the Study Group noted that readiness is a function not only of resource and training levels, but also of various intangible factors, such as motivation and experience. The remarkable enthusiasm of the brigades permitted them to perform in training in ways that were not predicted on the basis of their actual experience. The Final Report also noted, however, that: "Development of unit skills, particularly in large units, is more difficult in the face of limited training time. Large units need to train together, so that commanders and staffs develop the coordination skills essential for effective mission performance."

The Commander-in-Chief of Forces Command recently testified before the Congress on the difficulty involved in providing to large Reserve (roundout) maneuver units (e. g., armor and infantry), sufficient pre-mobilization training in the synchronization and integration of complex battlefield systems (such as air defense, direct and indirect fire support, close air support, command and control, etc.), to permit them to be deployed as a rapid, crisis response force. As a general proposition, the time limitations of weekend drills are simply too great to permit the amount of combined arms training for large maneuver units such as brigades and divisions that would be required to permit them to serve as crisis response forces.

Training challenges thus remain in connection with large "roundout," combat (maneuver) units, but there is reason to believe that those challenges can be met. The Commander-in-Chief of Forces Command recently informed Congress that National Guard roundout units have "important contemporary relevance." The Army Chief of Staff recently described to the Armed Services Committee plans for the use of National Guard roundout brigades not as rapid deployment forces, but as part of early reinforcing Active divisions.

I agree that the roundout concept is sound, especially for Reserve units that do not have to deploy during the very earliest stages of a contingency operation. The roundout concept may have even greater utility for units that are smaller than brigades. Reserve combat (maneuver) battalions and companies were used with considerable success by the Marine Corps in Desert Storm (see, e.g., Table V). The amount of post-mobilization training that may be required of future roundout units will, of course, be a function of the specific missions and pre-mobilization training programs which are assigned to them and the unique characteristics and capabilities of each unit.

We also need to explore possible improvements that might be made in the methodology used to evaluate the capability and readiness (to perform assigned missions) of Reserve forces. One of the three National Guard roundout brigades had recently been evaluated as mission ready when tested on the range which is normally used for training in its home state, only to find that it was not ready when it was first tested on the range at Fort Hood. The apparent inconsistency was at least partially explained by the facts that the unit was very familiar with the local range, since it trained there often and that the range at Fort Hood was capable of testing the unit under conditions more similar to those likely to be encountered in combat. Readiness standards need to be made and applied in a uniform manner to eliminate such inconsistencies.

It should be remembered, however, that whatever challenges exist in the coordination/synchronization training of large roundout (combat) maneuver units such as brigades and divisions, they do not exist at all, or at least not to the same degree in other types of Reserve combat units, such as field artillery units, tactical fighter (e.g., F–15, F–16) units, etc. In fact, the Army Reserve's 142nd and 196th Field Artillery Brigades were called to active duty on November 18 and December 2 and were engaged in combat operations on February 22. Air National Guard aircrews also flew F–16, F/A–16 and A–10 fighter aircraft, RF–4C reconnaissance aircraft and special operations aircraft in Desert Storm. Nor do such challenges exist in the Army's combat support and combat service support units.

RESERVE COMPONENTS IN THE NEW DEFENSE STRATEGY

In recent testimony to the Congress, Secretary Cheney outlined the major elements of a new strategy for our nation's defense. He noted that while the strategy will continue to evolve as we monitor the many fast-paced sources of change in the new and still emerging global security environment, "the overall goal is to streamline and restructure" the armed forces in order to provide needed capabilities within projected fiscal constraints. Because the political and military changes in the Soviet Union and eastern Europe will give us sufficient warning of the redevelopment of a Soviet threat of global war, the new defense strategy focuses on the preservation of our ability to deploy sufficient forces with the capabilities needed to counter a wide variety of contingencies, including significant regional conflicts.

The Secretary made it clear that the Department of Defense "will continue its Total Force Policy to ensure the optimal utilization of its [A]ctive and [R]eserve components." The composition of the Total Force will be derived, however, from the requirements of the new strategy. Some types of Reserve forces will be fully retained or even increased, while others will be cut considerably. The total number of National Guardsmen and Reservists will decline by approximately the same percentage as Active forces, but the reductions will bear a direct relationship to the new strategy and will not be the result of an effort to merely have Active and Reserve forces "share the pain" of budget reductions equally. Forces that were based on the previous threat of a short-notice global war will be eliminated or reduced. The Active/Reserve force mix which is the target of our planning efforts is designed to meet the requirements of the new strategy for forward presence and crisis response in major or prolonged contingencies.

Reserve forces will continue to perform airlift, sealift and other vital support missions in the very earliest stages of major contingency operations. Army Reserve Component combat brigades will continue to round out Active component divisions that are assigned early reinforcement (but not rapid response) missions. Reserve Component combat divisions will continue to be assigned missions as follow-on reinforcing units.

Some Reserve forces will be maintained in what may generally be referred to as a "cadre" type status. The Department's current plans include two cadre divisions in the Army which would operate with greatly reduced manpower and training. The divisions would retain sufficient equipment and other resources to be able to build to full strength if required. The Army is currently examining several concepts for cadre divisions. A similar idea is being developed by the Navy for use in connection with training frigates. One frigate would be manned with a full-time support crew consisting primarily of active duty, Naval Reserve personnel. This crew would train an augmentation crew made up of Selected Reservists, and four additional Selected Reserve nucleus crews which would be assigned to four additional (inactive) frigates that could be made ready for sea within 180 days.

The future role of each of the Reserve components will thus be a function of the requirements of the new military strategy. In some cases, the missions assigned to units within a particular Reserve component will not change at all. In other cases, the missions will change significantly. Where significant cost savings can be achieved by a transfer of force structure to a Reserve component for the performance of a particular mission, we will continue to fully consider the transfer. Any such cost savings will, of course, be weighed against any decreases in capability and flexibility that might result and against the hardship that a Reserve unit might incur as a result of the training that is required for the performance of the mission.

CONCLUSION

The last eighteen months have been a remarkable period in the evolution of the Total Force Policy. Volunteer National Guardsmen and Reservists and those who have been called to active duty have engaged in armed conflicts in Southwest Asia and Panama. Over 223,000 Reservists responded to the nation's call to arms in Operations Desert Shield/Desert Storm. They performed vital combat and support missions with high motivation and professionalism. They made great personal sacrifices to serve and 71 of them paid the ultimate sacrifice for freedom.

We will be studying our experiences in this most recent conflict for some time, but whatever else may be learned from our experiences, we are absolutely secure in our belief that the Total Force Policy is sound and that the Reserve forces of the United States are, in fact, the best in the world.

TRAINING FOR RESERVIST

Senator INOUYE. Thank you, sir.

We have had several hearings already and at every hearing, whether it be the Secretary of Defense or Gen. Colin Powell or the high-ranking officials, every one of them is questioned about priority of training on top of this, and I note that the strategy for training for reservists is essentially the same as used for the Active forces.

However, for reservists, there are 39 days of training, about one-sixth the time required for Active forces. Add to this, we have been advised that burdensome administrative requirements may take up one-half of the 39 days, and then you have equipment shortages, mission changes, lagging equipment modernization, and as a result this could hamper reservists in attaining the individual skills that are required. Added to this, we have difficulty in synchronizing the multiple assets of armor, mechanized infantry, aviation, artillery, and air defense for brigade-type training.

Taking all of this into consideration and the complexity of this task, have you considered the possibility of employing the roundup concept at the company or battalion level instead of at the brigade or battalion level?

Mr. DUNCAN. The answer is yes, Mr. Chairman.

Let me respond to a couple of comments you made earlier. One of the difficulties in discussing training for the Reserve components is, of course, that the training is so different; for example, for the Air Reserve components than it is for large maneuvering units such as ground combat brigades.

I think the roundout concept—this is just my personal opinion—has potential for use at the battalion or company levels. The idea certainly needs to be explored.

Most guardsmen and reservists spend considerably more time training each year than the traditional 39 days. What the total force policy tries to rely on are those people who have the kinds of previous active duty experience that will permit them to perform wartime missions with a minimum of training because of previous experience—the Air Reserve components are a classic example—or people who can bring their civilian skills into play. In many of our Reserve components, and for the performance of many kinds of missions, that training is sufficient.

Now, those units, as you pointed out, Mr. Chairman, such as large maneuver units that require combined arms training, are going to require some additional training. That is true, because you have a certain amount of individual training that must be engaged in. But, if you look at it on a mission-by-mission, Reserve-component-by-Reserve-component basis, it can be done.

I might simply say that all of the services train their reservists to the same standard as active duty forces, but the challenge is to look for tasks that are fewer in number so they can train them on fewer numbers of tasks to perform their required mission.

TRAINING TECHNOLOGY

As we develop new training technology I think there are an awful lot of opportunities out there for improving our training techniques, but the roundout concept at the battalion or company level does have potential that ought to be explored.

Senator INOUYE. At the present time, we have the same training strategy for all Reserve units. Why do we not take into consideration, say, the complexity of the mission, and also occupational problems, and maybe some units may require more than 2 weeks, or more than 11 weekends. Others may require less than that.

Mr. DUNCAN. Yes sir; a fair comment. Employers tell me uniformly across the Nation that the one thing they count on most is certainty. They can afford to have their employees who are reservists gone for perhaps longer periods of time, depending upon the nature of the job, but what they cannot live with is uncertainty. They cannot plan around that.

I have long believed that one of the things that all of the services need to explore—even though it would not be appropriate in all cases, and would not necessarily work in all services, is the possibility that there are ways to train reservists other than the traditional weekend training.

That is the obvious way, because that is when most reservists are not in their civilian work places. But, for specific kinds of missions, it may be more profitable for us to pursue some kind of training that might require, for example, two 3-week periods, or three 2-week periods, or something where the unit cohesion can be greater over a longer period of time, and the relative importance of those administrative tasks that we talked about is less.

It depends upon the mission and special arrangements would have to be made with employers for that kind of training, but it is the kind of thing that we need to explore.

Senator INOUYE. We have been advised that one of the weaknesses which came out of the operation was in crew gunnery schedules, and we have been advised that this problem appears to be the result of peacetime training practices. For example, they have only one opportunity every 2 years. They do not require Reserve crews to achieve Active Army firing time standards, and since you are using the same firing range, the crews would know something about the target location and the distance. Have we done anything to resolve this?

Mr. DUNCAN. I presume, Mr. Chairman, your question is directed not to all the Reserve components but probably to the ground units—ground artillery units?

Senator INOUYE. Yes.

Mr. DUNCAN. One of the challenges for the Reserve forces is simply having enough time on major ranges like the Army's National Training Center to engage in the kind of training that is most helpful. They are competing with each other as well as with the Active forces. One of the fundamental challenges we face is training time on good ranges, and, of course, that particular range is a remarkably good range.

There are other ranges that are also helpful, perhaps more instructive in training on local ranges, but it is a challenge that we face. We need to do a good job of balancing resources so we can get the Reserve units on those ranges as much as possible. It is something we are addressing and we have been talking about for some time. Obviously, we need to improve, but there are only a finite number of those kinds of ranges.

Senator INOUYE. Many of the former active duty military personnel joined Reserve units, but I gather that about one-half need retraining because we have not been able to marry up the former active duty personnel with the skills they have with the military occupation speciality [MOS] available. Is anything being done about that?

Mr. DUNCAN. Well, one of the challenges we face—each of the Reserve components faces, is that when a person comes off active duty trained in one military skill, maybe they move to Omaha, NE, and associate with a Guard or Reserve unit. The opening in the front is for a position that requires a different military skill.

Add to that the fact that Americans—young Americans, like most Americans—are very mobile. They constantly move. They constantly change jobs and that causes a continuous military skill challenge for us.

One of the things the Reserve components have done very well in the last few years is to look for ways to improve training opportunities. Instead of the multiweek courses one has to go to that are not appropriate for parttimers that have civilian occupations, they are looking at ways to increase the number of training opportunities.

We are never going to stop young Americans from moving, but let me suggest that while that is a significant challenge and we need to continue to address it with energy, sometimes the mere fact that a trained soldier does not have the MOS for the specific position he is filling is not as bad as it may appear on paper.

Many times, a good sergeant can take a good soldier who is trained in another MOS and, until he qualifies in the new MOS, if he has got fundamental soldier skills, he may be able to learn much faster than his lack of training in the new MOS would suggest.

It is a challenge, but the services, I am satisfied, are making good progress in that regard.

REGIONAL MAINTENANCE SITES

Senator INOUYE. Secretary Jehn, during peacetime, most of the track vehicles—tanks and such—belonging to the Guard are stored at centralized maintenance and training equipment sites and maintained by civilian employees of the various States. Would it be feasible to require that major employees be reservist rather than civilians, and by this means give the drilling reservists some training?

Mr. JEHN. Obviously, it would be feasible. The question is, is it desirable, and for an answer to that question I think I would defer to my colleague here, Mr. Duncan, but I think a radical change of that kind is always problematical.

Steve, do you have anything you want to add to that?

Mr. DUNCAN. You are talking about the regional maintenance sites, Mr. Chairman? The regional maintenance site idea is a pretty good initiative, in my opinion. It reflects innovation in answering the question of how we get to units that do not have the kind of equipment they need to be trained on; for example, mechanics.

I really have not addressed the question of substituting civilians for reservists, but it is true that one of the challenges we face is giving the reservists good maintenance skills on the equipment they will be asked to maintain in combat. But, to be candid, I have not addressed the situation.

I do not have any obvious answer for you, but we are constantly looking for ways to improve opportunities to train with the weapons reservists have to fight with.

Senator INOUYE. I ask this because we have been advised that the difficulty in maintaining M–1 tanks and M–2 Bradleys plagued the performance of the 48th Brigade during the postmobilization training at the Army's National Training Center, and it seems to be a systemic problem with the Guard caused by maintenance systems that placed the primary reliance upon civilians during peacetime.

Mr. DUNCAN. Well, General Burdick will, I am sure, have a view on that. Let me suggest this. There were some maintenance difficulties when the three Army Guard roundout brigades were first called up. I am also told that they wanted to focus training on a lot of other kinds of skills during their weekend drills and annual training.

In hindsight, probably more time should have been spent on maintenance, but I am also told by people who observed them at that particular time, that during their final test at the National Training Center, the 48th Brigade did very well with maintenance. They certainly had functioning weapons in the test, and the bottom line is that the weapons were working. They were able to perform.

So it sounds to me like there was a very sharp, exponentially sharp improvement in their ability to maintain those vehicles, but I suspect that the Army is going back to look at how we might focus a little bit more on maintenance skills during peacetime.

LOGISTICS SYSTEMS

Senator INOUYE. Secretary Jehn, at the present time the Guard uses a manual system in the supply area for older parts through a central depot in each State and, as a result, when these units were mobilized, I have been advised that the supply personnel had great difficulty learning the Active Army's computerized unit-level logistics system. What is the rationale for maintaining these two separate systems, one manual and one computerized?

Mr. JEHN. To be honest, Mr. Chairman, I do not know. I do not consider myself an expert on the supply systems in the Army, and particularly that used in the National Guard. Perhaps Mr. Duncan would like to comment on that, but if neither of us can give you a good answer today, we can try to provide one for the record.

Mr. DUNCAN. Well, that problem, Mr. Chairman, was similar to the one that I believe the Army ran into with respect to the personnel system—too different systems were at play. Part of the training time that was required after mobilization was caused by the use of different systems by the National Guard and the Active Army.

I am not, frankly, prepared to say today what needs to be done about that, except that I guess I go into those kinds of discussions with the presumption that to the extent possible there ought to be uniformity. The burden of proof should be on those who believe that there should not be uniformity because of the peculiar or the unique needs of the Guard units.

As a broad proposition, we look for ways—we look for uniformity not because uniformity is, per se, good, but because we want to integrate the Active and the Reserve forces in as many ways possible. That means integrating systemic things as well as training together. For starters, I look for ways to try to integrate them through the use of uniform systems. If there are unique requirements, then we can make exceptions to the rule. But I know we will be looking at that in the future.

PROFESSIONALS IN THE RESERVE

Senator INOUYE. There are many difficulties that were faced by professionals who are in the Reserve, such as physicians, and one such difficulty that was pointed out to me were in those high-risk specialties where you have to pay high malpractice insurance policies. Is there anything we can do about that?

Mr. DUNCAN. You are talking about——

Senator INOUYE. These fellows who were called up had to continue paying these premiums.

Mr. DUNCAN. Sure. That was something we addressed early on. As a matter of fact, we addressed that problem soon after we entered into Operation Desert Shield.

The problem was caused when health care professionals who were called up could not rely on the practice they were with to continue to pay their professional liability malpractice premiums. We made recommendations to the Congress, and I am happy to report that the Congress did make amendments to the Soldiers and Sailors Civil Relief Act that should address that problem and protect those people.

The objective was to make sure that no one suffered in that way or became exposed for personal liability merely by their service to the country. We actually drafted the proposed legislation and worked very closely with the Congress. I believe that problem is behind us, Mr. Chairman.

Senator INOUYE. They tell me that it did not help in the very high-risk area where the premiums are exceedingly high.

Mr. DUNCAN. That has not been brought to my attention. If it is a problem, we will look at it promptly.

DEPLOYMENT OF MARRIED COUPLES

Senator INOUYE. Secretary Jehn, there have been several articles in the press about the deployment of married couples in the operation in the Persian Gulf. You see these pictures of babies without their parents home. I know that the services require that the parents have contingency plans for their children during times of training or deployment, but I wonder about the wisdom of sending both parents into the battle zone at the same time.

Mr. JEHN. Well, the Department's policy, as you know, sir, has all along been that any military person needs to be ready and able to deploy on very short notice regardless of their personal or family circumstances. And that may require, at times, both parents from the same family deploying, leaving children to the care of friends or grandparents or other relatives.

Our position all along is that the parents, not the Department, are in the best position to make judgments about the welfare of the family and the welfare of those children because all military personnel understand their obligations. And are, as you noted, required to produce a viable family care plan. In retrospect, we will look back and say the whole system worked very, very well. In a few publicized cases there have been exceptions to what I consider to be a very successful rule and set of policies. Even in a few cases, those highly publicized instances, the individuals in question did not actually deploy. They were asked to deploy, and as soon as their personal circumstances were clearly and fully understood by the services, they were given deferments or exemptions from the requirement to deploy.

Senator INOUYE. I have many, many other questions, but I have my colleagues here, and so I would like to call on them at this time.

Senator Garn.

Senator GARN. I thank both of my colleagues, but unfortunately, I am going to have to leave and go to the Banking Committee for an RTC hearing. For the military people here that do not know, that is the Resolution Trust Corporation, and everybody is a little bit tired of that subject, but nevertheless, that is where I have got to go. I would much rather stay here, but thank you.

Senator INOUYE. Senator D'Amato.

Senator D'AMATO. Mr. Chairman, I, too, am going to have to leave to go to that very same hearing. So I would ask permission to be able to submit my statement in the record as if read in its entirety.

Senator INOUYE. Without objection.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

The outstanding role played by Army Reserve and National Guard combat support and combat service support units in Desert Shield/Storm has been universally acknowledged.

Combat arms roundout brigades, however, could not be deployed without a significant period of additional training. Fortunately, the Army was able to use available Active brigades to replace the National Guard units.

What if this happened in 1995? By then, the Army will have shrunk to such an extent that substituting active for roundout units will risk denuding one commitment to cover another, so parent divisions will not be able to ship out until they have trained up their National Guard component.

This training will require up to 90 days from the President's decision to mobilize the Reserves, and that is my concern. In a rapidly unfolding crisis where we are caught by surprise and the Reserve callup is delayed, as occurred when Iraq invaded Kuwait, contingency forces may be overwhelmed awaiting armored forces still training roundout brigades.

Why maintain the roundout system when it ties up Active units and narrows the President's military options?

Senator INOUYE. Senator Stevens.

Senator STEVENS. Thank you, Mr. Chairman.

SOVIET THREAT

Secretary Jehn, you said in your statement the decreased Soviet ability to project conventional military power beyond its borders, its own borders, and you referred to that, on what do you base an observation such as that, a decreased capability to project conventional power, military power, beyond its own borders?

Mr. JEHN. Well, clearly, the most direct answer to your question is, I base that on statements of the Secretary and the Chairman of the Joint Chiefs who have assessed the threat based upon intelligence information we have, and concluded that the Soviet ability to project power is no longer as great or as threatening as it was, say, 5 years ago. And that, we believe, creates a set of circumstances where one can safely reduce, in a modest way, the overall size of the Defense Department.

Senator STEVENS. I did not attend the hearings, but I was briefed upon the statement that Admiral Larson made out in Hawaii, when the chairman held hearings out there during the last recess. And he indicated that as CINCPAC, he thinks there is still a capable Soviet force that has and that presents a military threat, a potential threat, in the Pacific. Were you aware of that?

Mr. JEHN. Not at all, sir. I did not mean at all to suggest that the Soviets present no threat, simply that the threat that they do present is somewhat diminished from what it was, say, 5 years ago. And that kind of general statement, of course, may well gloss over important differences from region to region. I would defer to Admiral Larson and the chairman, concerning the threat in any one given area.

Senator STEVENS. Well, I made the mistake of having a few days off, and in the few days off, I tried to catch up on my reading. And I am catching up in my reading in the area of arms control. And I find more and more papers being written about the forces that have been moved east of the Urals, and the change of Soviet forces from army to naval forces to avoid some of the proposed restrictions on the CFE.

You are not suggesting, are you, that somehow or another, the reduced capability to go beyond their forces or beyond their borders means that this remaining force in the Soviet Union is not a threat to the United States.

Mr. JEHN. Oh, not at all, sir. In fact, the new defense strategy we have laid out, and the force structure we have laid out in the 1992–93 budget proposal reflects the fact that the Soviets do indeed represent a continuing threat just as I said. One that is somewhat diminished from the threat they posed 5 years ago.

Senator STEVENS. I assume you are briefed about the continued deployment of the naval forces in the Pacific.

Mr. JEHN. Yes, sir.

Senator STEVENS. Those naval forces can only be projected outside the borders of the Soviet Union.

Mr. JEHN. Not only is the Soviet Union's naval forces continuing to be modernized, and in some dimensions increased in size, but, of course, they are fully modernizing their strategic forces more or less across the board. And so these are all aspects of the threat I think we need to make sure we keep our eyes on.

And we feel confident, and I know the Secretary and the Chairman feel that our budget proposals for 1992 and 1993 adequately address those potential threats.

CONTINGENCY FORCES

Senator STEVENS. Let me change and go off in another direction. You have strategic Atlantic and Pacific contingency forces. I note General Powell discussed those in a classified briefing with us, too. But I am interested in your description of the contingency force as a light mobile force ready to go anywhere in the world in a moment's notice. What is the difference between that and the light infantry divisions that we have?

Mr. JEHN. Well, the light infantry division might be one component of a contingency force. A contingency force would probably consist of four or five Army divisions plus naval units as well as Air Force units that are ready to deploy on short notice.

Senator STEVENS. Do you see the contingency force as being in conflict with the strategy of the light divisions that were set up under General Hessick?

Mr. JEHN. No; I think the light divisions play a role in that contingency force. Obviously, a very important and key element of the contingency force, for example, is the 82d Airborne Division and other light divisions and airborne divisions. So there is no conflict. The question that the Army, of course, has had to address and wrestle with is exactly how many of those light divisions they ought to have in their new force structure. And ultimately, that was an important matter for discussion the last 12 months as we put together the 1992–93 budget and the new defense program.

Senator STEVENS. Well, I am obviously interested because I have been of the opinion that the Alaska forces were part of the key contingency that would reach into both the Atlantic and Pacific. They have, in fact, been in deployment exercises to go to both Europe and to Korea, the Asian theatre. I do not quite understand the contingency force when there is an Atlantic and Pacific force. Is there a relationship there? Are these separate concepts? Are these packages we are hearing about?

Mr. JEHN. Well, I think the best way to think about them is that is a construct that is useful for thinking, and this is the way the Chairman certainly talks about it. It is a construct that is a useful way of thinking about the kinds and the numbers of forces we are going to need in the future. I do not think assigning specific units in a rigid, inflexible way to one force or the other is particularly productive exercise. Obviously in each case, the forces brought to bear in each contingency—the forces brought to bear would be a function of the threat and the mission requirements at that time.

Senator STEVENS. Well, that is what confused me. Obviously, we have just been through a crisis, and the crises did not see a deployment of many forces from the Pacific into the Persian Gulf, and rightfully so, I believe. But I read this concept of the force structure study, and it seemed that we were going to a new concept of contingency forces. And that really was what the central command was, a contingency force for the Persian Gulf, in my opinion. Am I reading this wrong?

Mr. JEHN. Well, I think one can make too much of it. As I said, for me anyway——

Senator STEVENS. Well, let me put it this way. Will there be a global contingency force, a force that is going to take on any contingency in the world?

Mr. JEHN. Well, again, as I said, I think the danger here is to try to characterize any given package of units as the force that is available and ready to be used in a particular situation contingency, and instead, think of this as a way of thinking about the forces we need in order to arrive at sensible numbers that are logically, and sort of analytically, derived.

Senator STEVENS. I look forward to a fuller explanation of what the contingency force will look like in this new force structure, and whether there are some permanent forces assigned to a contingency plan as opposed to the Atlantic, Pacific, and European force structure.

Mr. JEHN. There will, of course, be plans for various contingencies, but the Central Command, for example, had no forces specifically assigned to it, and they were to draw forces as the situation developed. And that is exactly what occurred in this most recent case. In the Persian Gulf, for example, one entire corps was removed, or sent to Saudi Arabia from Europe.

Senator STEVENS. Well, there was a task force created from Alaska, for instance, when we disestablished the Alaska Command. That was a contingency force to come into effect in the event of an emergency that affected the Alaskan area, the Arctic. And it is, to my knowledge, still on paper, and it still could be activated. Is that what you are contemplating for contingency forces or will there be a permanent contingency force structure?

Mr. JEHN. Well, again, I would defer to the chairman, and allow and direct questions to him, since he, I think, is the most authoritative source of discussion here. But again, I would emphasize that for the purposes of this discussion, and certainly as we talked about these various forces. For example, in the total force policy report, they were viewed not as a nice tight package of forces that would be rigidly and inflexibly defined for any particular contingency, but instead, a way of thinking about the force requirements facing the entire military—facing the Department—so that we can, as I said, in a rational, logical, analytical way, think about the overall total force requirements for the Department. And that is, I think, the most useful way to think about those forces.

NATIONAL GUARD COMBAT BRIGADES

Senator STEVENS. Secretary Duncan, we all know that your National Guard units were among some of the first to be deployed to the Persian Gulf. The Army Guard combat brigades were not called up early in the period for deployment. Can you explain to us why that was the case? Why were the roundout combat brigades that had various training operations with the various army units not—why were they not called up?

Mr. DUNCAN. Senator, this is one of the areas of confusion that has arisen in recent weeks caused to a great extent by articles that have been less than helpful written by many different commentators who do not fully understand the total force policy. We had Air Reserve component units that were flying even before the Presidential callup. We had thousands, literally, thousands of volunteers in the Air Force Reserve and Air National Guard that were flying strategic lift missions and several other kinds of missions in the early stages of the conflict.

Those are small units. They include people who can respond quickly. They are more often than not trained because they had great experience on active duty before they even went into the Air Reserve components. Or, if they did not, they are trained very well when they join. Many of them are commercial pilots. In any event, they are highly skilled and they can respond instantly.

When you start talking, however, not about small Air Reserve component units, but rather about large ground combat maneuver units that require combined arms training and lots of things that are simply difficult to accomplish in a 39- or 50-day period, or whatever it may be, of training over the course of the year, you are talking about different things. Very few people have civilian skills that translate directly into the skills that are required to perform well in a large maneuver unit, like a brigade. So those brigades were designed to receive some post-callup training, depending upon the nature of the conflict that they would be required for.

Now, if the Senator will indulge me for moment to get back quickly to August 2, which was the date of the invasion. Secretary Cheney said on several occasions, and I sat with him when he said it on several occasions, that at the time when Iraq invade Kuwait, there was no clear understanding by Department of Defense of what Iraq's ultimate objectives were. Whether there would be a conflict or how long it might last. What we did know is that the Secretary wanted to put as much military force in the area as rapidly as possible.

And so the 24th Division, and others, were sent over. Only 21 days after the invasion, the entire process had worked well. Recommendations had percolated up from the military departments to the Office of the Secretary of Defense, and the Joint Staff, and the Secretary. The Secretary had requested the President, and the President had, in fact, authorized an involuntary callup of National Guard and Reserve units and personnel. That was only 21 days after the invasion had taken place. At that time, the question was how much training would be required for the units that were called up.

The President, of course, as the Senator knows, had at least a couple of choices. One was to direct the Armed Forces to terminate the conflict as soon as possible, irrespective of casualties, to terminate it fast. The other was to terminate the conflict as successfully as possible, but to minimize casualties. When the President directed us to minimize casualties, clearly the imperative for the Department of Defense was to make sure that we did not send—and it would have been our policy anyway—that we did not send to the battle zone units that were not ready.

Then it became a question of what units are ready, and how long will it take for unready units to be made ready. If we had done anything else, it would have been totally irresponsible. So, there was a question of military judgment, of how long it would take the three brigades to become ready. I have spent a great deal of time visiting and talking to and talking about the three brigades and talking to others who have visited them. I am satisfied that there are remarkably good soldiers in all of the three brigades.

I would go out and literally pull people out of tanks. Walk up, get past the command briefing, go talk to soldiers in the field. Not on a single occasion did I find any active duty soldier or guardsman who said anything other than that the guys in the three brigades are remarkably motivated. They were so anxious to do well. But, you cannot get over the fact that a certain amount of post-callup training is required for these combined arms skills. All of these skills simply cannot be exercised during the course of a regular annual training on an annual basis.

The three brigades performed well. The 48th was finally validated, just as the conflict ended, as ready for combat. My personal opinion is that if that conflict, if the ground conflict had continued, and if there was an operational need expressed by the commander on the scene, there would not have been any hesitation to send the brigades to the scene of the conflict. Fortunately for the Nation, the conflict ended as successfully and as soon as it did.

ROUNDOUT BRIGADES

Senator STEVENS. Well, that was 5 months, you know, when you look at it. I seem to recall briefings that we had about the number of days these units would have to have before they would have the readiness for deployment. And it was my understanding there were a series of brigades that were ready, at least we were told they were ready, in less than 30 days. They were not sent. Is there some revision going on in terms of your scheduling for what is combat readiness for the Guard and Reserve?

Mr. DUNCAN. I am sorry, Senator. Were there Guard brigades that could have been ready in 30 days—roundout brigades?

Senator STEVENS. Are these roundout brigades not supposed to be ready in 30 days?

Mr. DUNCAN. Well, there is a difference of opinion on that. Some people thought they could be ready in less than 30 days. Others always thought that it would take longer than that. The question is—and I have talked to an awful lot of trainers and people who have studied this very closely, and I must tell you that there is a range of opinion among the professionals about how long it takes. And of course——

Senator STEVENS. That is one thing that bothers me. And I remember John Stennis sitting here so many years, and I worked with him in terms of trying to increase the country's reliance on the Guard and Reserve. And I am hearing now, that the Guard and Reserve probably is being downgraded because they are not as ready as those that are on active duty.

Mr. DUNCAN. That is not the case, Senator. There is no general effort to downgrade National Guard and Reserve forces. To the contrary, the Army currently plans the use of Guard brigades. There are still plans, and it is in the President's budget for the use of roundout brigades. Those forces are still being planned for. It is still the current plan until evidence and lessons learned from Desert Shield suggest that we ought to change those plans. It is still the plan to use those forces as early reinforcement forces. And so they are going to play a significant role in our force structure. They are going to continue to be assigned significant missions.

I will say, however, that because of the budgetary imperatives and the change in the geopolitical environment, Reserve forces, like Active forces, are going to have to be cut. We have no choice about that. But there is no general attempt to downgrade Reserve forces for those kinds of reasons. We look for ways to improve their training.

END-STRENGTH LIMITATIONS

Senator STEVENS. All right. My time is up. I have got one other question, Mr. Chairman, and that is the chairman and I both expressed some feelings about the end-strength limitations on those on active duty for this year because of the problems of involuntary separation and other concepts that come into play after this gulf war and the period of adjustment. We had talked about some sort of an arrangement to take care of those problems associated with not being able to meet the end-strength limitation. Part of it may be paid for out of the Desert Storm funds, as I understand it.

Will there be a similar adjustment for Guard and Reserve forces? They are not going to be able to meet their end strength any easier than those on active duty. Is there some review being given to the end-strength limitations on Guard and Reserve for this year?

Mr. DUNCAN. Not to my knowledge, Senator. It is still our goal to meet the objectives that were set before the conflict.

Senator STEVENS. When it is acknowledged that you cannot meet them for the active duty that you are still going to have the Guard and Reserve meet the inflexible limitations.

Mr. JEHN. Let me point out, sir, that we are not going to miss those 1991 end-strength numbers by much. We have just today issued a new end-strength guidance to the services, and each of the services has been granted, roughly speaking, about 1-percent leeway. And that is all they claim they need to get down to 1991. In other words, the 1991 end strengths that the services will achieve will be about 1 percent higher than those that were programmed in the 1991 budget.

Senator **STEVENS**. Well, we had figures that were 30,000 in excess of the end-strength limitations.

Mr. **DUNCAN**. I am wondering if some of that confusion could be because reservists are counted as active soldiers when they are on active duty.

Mr. **JEHN**. The confusion is simply one of time. As recently as 6 to 8 weeks ago, we thought the Army was going to have much more difficultly getting down to the 1991—within a few thousand of the 1991 end-strength numbers. But the new end-strength numbers for 1991 that we have granted the Army were only about 712,000, which compares to about 702,000 that were programmed. And so, as time has gone on—the last 6 to 8 weeks has go on—it has become increasingly obvious to us that the services are going to be able to get very close to the original program 1990–91 end strengths.

There are lot of reasons, of course, to be thankful that the Persian Gulf war ended so quickly, but another one of the consequences of that quick and very successful end to the war was that we could resume the reduction in an orderly way and wind up getting very close to the 1991 end-strength numbers that we had programmed over a year ago.

Senator **STEVENS**. Then have you abandoned the policy of no involuntary separations for those involved in the Persian Gulf war?

Mr. **JEHN**. I do not think we ever had such a policy, sir. There will certainly be a few involuntary separations over the next 18 months, and almost inevitably, a few of those individuals are going to be people who have served in Saudi Arabia.

Senator **STEVENS**. I understood there was a policy that we were not going to have involuntary separation for people who served for this fiscal year, to meet the goals in this fiscal year.

Mr. **JEHN**. In fact, there will be virtually no involuntary separations this year, simply because the time is too late. But there will certainly be some risk, particularly in the Army. Some imposition of what we call IO tenure rules that will result in some involuntary separations during 1992. The sum of involuntary separations in 1992 will in any event, however, be no greater than it would have been in 1991 and 1992 together had the Persian Gulf war not occurred.

Senator **STEVENS**. Thank you, Mr. Chairman. I am sorry I took so long.

READINESS OF BRIGADES

Senator **INOUYE**. Before I call upon Senator Cochran, I would like to follow up on Senator Steven's question. We have been advised that the reported readiness of two of the three brigades at the time of the mobilization was C–2, which was that they would have been deployable with 2 to 4 weeks of training—14 to 28 days. However, the Army established a training plan that initially involved about 70 days, and was later extended to 90 days. Can you tell us why?

Mr. **DUNCAN**. Yes, sir; I have a couple of theories about that. One was—this is a personal reflection—I think we need to look for ways to improve the way our readiness measurements systems are applied. And second, with respect to the training that was required, when I looked at those brigades, I went out asking myself had something changed, had we changed any of the rules? Were we now requiring something new, something that was not previously necessary? I found no evidence of that. Indeed, when I talked to soldiers at every rank—or almost every rank, I mean from the lowest enlisted to the general officers—I would ask the members of the brigades, How do you feel, are you receiving training that you think is unnecessary, or that you do not require or is superfluous or redundant? On not a single occasion did I find any answer that suggested that the training was not necessary. To the contrary, they all said they were starting to realize that they did need it.

That, perhaps, suggests that the Army needs to go back and rethink some of the things that have come to light with these brigades—for example, the need to have access to ranges to do things that could not be done before. There is an explanation there. I found no evidence that they were engaging—being required to engage in training that was outlandish or unreasonable.

Senator INOUYE. Thank you very much.

Senator Cochran.

Senator COCHRAN. Thank you, very much, Mr. Chairman. I think one thing we did learn in Desert Shield/Desert Storm about that subject was that there was a unique opportunity for those units that were deployed to the Kuwaiti theatre of operation to engage in a good deal of training before the actual ground phase of that encounter began. And were the roundout brigades a part of that same training experience, there would have been little question, but what they would have been ready to participate fully as a part of that unit, whether it was the 1st Cavalry, or whether it was some other unit.

What is your reaction to that?

Mr. DUNCAN. As I understood the question, Senator, the problem with that was when would the brigades have been called up. I mean, by historical standards, this was remarkably successful and fast—a callup of Reserve forces only 21 days after the conflict had started. I presume you are suggesting that the brigades could have been called up even sooner, before we knew what we were dealing with, and then we could have engaged in training and perhaps gone to the theater of operations sooner. All I can suggest is that there were some Active units that actually did engage in training when they arrived there, but we never knew when we were going to be in a conflict.

We were sending forces as fast as we could get forces there. But we did not know but what the conflict would start that day. We certainly could not make the assumption that we would have training time once our forces arrived there.

Senator COCHRAN. I understand that. And that is the answer that I think is the correct answer to that suggestion. It has been an interesting opportunity to visit with a lot of the Reserve and National Guard people from the State of Mississippi who have been involved in all of this, and to try to deal with some of the observations that they have had.

LENGTH OF DEPLOYMENT

One is that there was a good deal of confusion among some units about the length of time that they could be expected to be deployed. There was some 90-day periods that were running around, and people just assumed, in small units particularly, that they were going to be gone for 90 days, and try to make arrangements to deal with that. And then that was extended to 180, and then some were made a part of a 1-year emergency provision.

Is there a need for us to clarify by law or policy some new way of thinking about the period of time the Reserve and Guard units will be called up? I think we are creating more confusion than we need to. In other words, I do not see anything wrong with the President having the power, more power than he has now, under the law, and not having to go through these gates of timeframes. There is some suspicion that the Congress and the administration manipulate this to deprive those who have been activated of veteran's benefits. That is being talked about, and is a concern.

Tell me what your reaction to that is.

Mr. **DUNCAN**. No, sir; as a proposition, as a broad proposition, I fully support things that give decisionmakers maximum flexibility. They do not have to exercise authority just because they have it. I think, however, there was some confusion in the minds of the first reservists that were called up because the statute, title 10 of the U.S. Code, section 673b, of course, permitted only one 90-day period of service. Then the President could extend them for an additional 90 days, for a total of 180 days. We asked the Reserve components to inform soldiers and airmen and sailors down at the unit level that they better plan for an 180-day callup in connection with their private, personal, occupational situations. Since we could not predict the length of the conflict or whether a conflict—we did not know exactly how it might terminate. They had better plan on being called up for 180 days. But it is human nature to rely upon the order that called you up for 90 days.

And so I think in retrospect, one of the lessons we learned from this is that we need to start the process sooner and do a better job at the unit level of alerting individual soldiers that they are likely to be called up for more than 90 days. We need to encourage them to make sure you have made appropriate plans for their work and so forth.

As far as amending the statute, if it will give the President additional flexibility, which I think it would, our Secretary has endorsed the concept of amending the statute to permit two 180-day periods of callup, instead of two 90-day periods. That does not mean the authority has to be exercised. I certainly support that.

Senator **COCHRAN**. Well, it may be more realistic. I know this not only adversely affects family situations and persons' individual plans, but communities and small towns can be very dramatically affected. We saw this in the case of some smalltown hospitals where a lot of their labor force would also be a part of the Reserve unit, and their having to leave for 90 or 180 days virtually shut down these smalltown hospitals. And there are other similar situations that we saw develop, and I hope that we will think through this and see how we might better prepare in the future to deal with that kind of real life problem that exists back in the hometowns and back in the family situations where sacrifices are just as real and just as important as those being made by the servicemen themselves.

Mr. **DUNCAN**. Well, Mr. Jehn and I are welcoming the opportunity to learn lessons from this, but let me just suggest that many of our best reservists do come from police and fire units and small towns. That tends to be one of the strengths of the Reserve forces. They come from communities all over the United States. They recommend the kind of solid values that I love to see in the Reserve forces. But we did establish policies for the individual military departments so they had some flexibility. Depending upon the hardship that might be imposed on a particular community, the individual military departments did have flexibility under the policy guidelines we established to deal with those kinds of situations. Now, we will look forward to seeing what our experience was and how we can improve it next time. But there was some flexibility in the process.

Senator **COCHRAN**. Thank you, Mr. Chairman.

Senator **INOUYE**. Senator Sasser.

NATIONAL GUARD PERFORMANCE IN PERSIAN GULF

Senator **SASSER**. Thank you.

Mr. Duncan, we had some 60 National Guard units called up from my native State of Tennessee. And the general consensus was that they performed admirably. What is the view of the Department of Defense with regard to the National Guard units in the Persian Gulf area?

Mr. **DUNCAN**. Senator, I think before you arrived I was expressing my frustration on a couple of occasions about some of the confusion that has arisen in recent weeks about how those Reserve units performed. The answer is yes, they not only performed admirably but by any standard as professionals, just as you would hope.

Frankly it went so well that because I am somewhat of a skeptic since I am responsible for management oversight, I kept turning over rocks, looking for something that was broken and that could be improved upon. I must tell you I am looking forward to our lessons learned analysis. But those reservists, all 228,000 of them, responded with very high motivation and they performed very well.

Senator **SASSER**. Do you include the National Guard units in that category of reservists?

Mr. **DUNCAN**. Absolutely.

COMBAT VERSUS SUPPORT

Senator **SASSER**. In particular the Air Force Reserve and Guard units I thought performed extraordinarily well. And the Marine Corps units also performed very well, and the Army Reserve and Guard units that were deployed generally in support roles performed very well. Now, there is some question about why the Army roundout brigades were not called up. Do you have any explanation of that, Mr. Secretary?

Mr. **DUNCAN**. Sir, let me elaborate on an answer I gave before you came in. I will correct one thing. In addition to all of the support units, the Army Guard fielded two field artillery units. One of the points of confusion that tends to arise when we discuss total force is combat versus support forces.

All of the Reserve components participated in Operations Desert Shield and Desert Storm and they performed a wide range of both combat and support missions. In the case of the three Army National Guard brigades, as I was saying earlier, they also performed very well and engaged in very rigorous training. By the time the conflict ended, one of the brigades had already been certified as ready to be sent to Southwest Asia. Fortunately the war ended before we had to do that.

My personal view is that if the commander on the scene had said he needed them and the conflict had continued, there would have been no hesitation to send them. And the Commander-in-Chief of the Army's Forces Command made that quite clear.

Senator **Sasser**. Is there any reason why we failed? There was a delay, as I understand it, in calling up at least the infantry portions of the roundout brigades. Is that a fair statement?

Mr. **Duncan**. Well, I do not think it was the delay. I will put it this way, compared to what? Of course, the conflict or the potential conflict started not with our forces, but when the invasion took place on August 2. Only 3 weeks later the President authorized the callup of Reserve forces. Of course, we could only call up Reserve forces for 90 days at that point, with one additional period of 90 days if the President informed the Congress, but for a total of 180 days.

POST-CALLUP TRAINING

Since these roundout brigades required some post-callup training in the combined arms area, it was a question in the mind of the field commander or whether by the time they were ready and sent—remember these are heavy units with equipment—by the time they were sent with their equipment, whether there would be sufficient time to use them profitably when we did not know exactly what kind of conflict we were engaged in or might be engaged in. For all we knew, the conflict was going to start any minute.

They were certainly trained to standard. They performed very, very well in their training, and they were ready to go when the conflict ended. The 48th had been certified as I say.

Senator **Sasser**. Well, there is some thought that there was a delay in calling up the infantry roundout brigades and that there may have been at least some in the Regular Army who were not too enthusiastic about seeing these National Guard roundout troops perform well if they got into a combat situation, people seeking to use the allegations of unpreparedness on the part of these National Guard units as a weapon in the budget battles that are to come as the Army shrinks itself in response to the shrinking defense budget, that the Regular Army is going to try to keep as much of the defense dollar as possible and give as little as possible to the Reserve and National Guard units.

One of the reasons that will be given for that is that, well, these National Guard units, particularly the combat units, the infantry units, they just were not ready when they were called or were not ready to go into combat situations in the Persian Gulf. So that is an example of why it is just a waste of money to put money there than to keep it with the Active force. What do you say to that, Mr. Secretary?

Mr. **DUNCAN**. Senator, I have been at the Pentagon for almost 3½ years now, and so not a whole lot surprises me. I would not presume to be able to read the minds of every person who serves in the Armed Forces. What I can tell you is that what the view of the Secretary of Defense and what the Assistant Secretary's view is, which is that the Guard units performed very, very well and that they did what they were asked to do. I said earlier, I never found a single soldier that said he was being required to engage in unnecessary training.

And because the President had given us broad guidance to minimize casualties. While we achieve a successful outcome, the Secretary made it clear that he was not going to send either Active or Reserve units to war until they were ready. It then became a matter of military judgment of when would they be ready and what was required to make them ready.

I think we all learned a little bit about what is required to make large maneuver units like mechanized infantry brigades or armored brigades, what is required to make them really ready for combat. Clearly these three brigades were ready for certain kinds of combat the day they were called. If we had had a Just Cause, if we had had another situation in Panama they could have performed that much quicker than they could in a conflict that involved taking on what was then characterized as the fourth largest army in the world in an area 8,000 miles away and when we did not quite know what we were getting into.

So, I am satisfied that, whatever may be in the minds of some soldiers somewhere in the Active Army, I am satisfied that the leaders were very responsible in training these three Guard brigades, and they performed exceedingly well. We learned a lot from the experience, and we are very proud of their performance. They have every right to be proud of their own performance. Fortunately, the conflict ended before we had to use them.

Senator **SASSER**. And as a result of their performance, they have a right to get equal consideration when it comes to the budgetmaking time. Would that be the view of the Department of Defense?

Mr. **DUNCAN**. Well, I can assure you that they have a strong voice when it comes to the budget debates within the Pentagon.

Senator **SASSER**. Thank you, Mr. Secretary.

Senator **INOUYE**. Senator Bumpers.

QUICKSILVER

Senator **BUMPERS**. Mr. Secretary, what impact do you think these quicksilver cuts are going to have on the morale of the Guard and Reserves? Have you done any studies on that? I can tell you it is already having an impact on morale in my State.

Mr. **DUNCAN**. Quicksilver—just so long as we are clear—Quicksilver has had several different phases as the Army's plan, so at any one time we are talking about different things. Let me suggest that probably there is going to be some unhappiness about cuts in both the Active and the Reserve forces. This Assistant Secretary wishes we could afford to have larger forces for reasons, but we do have a different world than we did 5 years ago.

As Mr. Jehn said, we also have budgetary imperatives and the Secretary and the Chairman have decided that the force structure that is in the President's budget will permit us to respond to the kinds of conflicts we are likely to face. And being professionals, I am sure our soldiers will be as ready as they were for Desert Shield and Desert Storm.

Senator **Bumpers**. Well, just taking your answers to Senator Sasser's questions on how well the Reserve and Guard performed in Desert Shield and Desert Storm, your answers seem to be absolutely unequivocal that they were excellent.

But look at the cost of maintaining a guardsman, for example, at 25 percent of the cost of maintaining a regular soldier—and incidentally, this is something the Israelis and the Germans do extremely well. Perhaps even better than we do. I do not know.

But when you look at that and you look at the cost of an armored division in the Regular Army at $801 million a year as opposed to the maintenance of a Guard armored division at about $211 million, and then you look at the constraints that you are going to be operating under under the budget agreement of the last year, which the President as you know signed off on, I am just not at all sure—I am not second guessing you and I certainly do not want to micromanage how you achieve your operations under that budget—but those are pretty dramatic figures; would you not agree?

Mr. **Duncan**. Well, Mr. Jehn and I, who are the chairman and vice chairman of the study on total forces for the Secretary last year, can see right up front that as a broad proposition Reserve units are less expensive, but, of course, you have to take it on a mission-by-mission basis. Obviously there are units in the Air Reserve components, for example, that are relatively more expensive compared to Active forces than ground units.

For example, in the Army I happen to believe that we do have to take cost into account right up front. We have major budgetary imperatives. If a mission can be performed by either an Active or a Reserve unit and the Reserve unit—and when I say "Reserve" I am including National Guard—and if the Reserve unit can perform it for less cost, then immediately we are interested in exploring that.

But obviously it is a weighing process. And it is a weighing process of weighing the cost savings for the performance of a mission by Reserve unit versus whatever loss in capability, if there is a loss in capability, for the performance of that mission. And we try to attack such questions on a mission-by-mission basis.

For example, in the Air Reserve components we will find so many experienced aviators, people who previously served on active duty and perhaps are professional pilots in their civilian careers, that we find that they are exceedingly capable. They require very little post-callup training, if any at all, before they are instantly ready to perform.

Indeed, in Desert Shield we had members of the Air Reserve components who volunteered in large numbers and were flying strategic lift missions from the first day in the early stages of the conflict.

When you go over to other kinds of units, however, especially in the case of large ground maneuver units that require complex training that does not relate directly to civilian skills and perhaps may not involve a lot of soldiers with years and years of experience who have performed this kind of mission, that is something of a different animal and there may be some increase in risk. We are obviously weighing risk, and in the force structure recommendations we have tried to weigh those risks, and weigh those cost savings, and present a force structure which we believe gives us the best capability for the least cost.

Senator **BUMPERS**. Well, I certainly understand that and I appreciate it and I sympathize with your chore. And I think probably this committee and Congress are going to be looking, as I say, not trying to—all of what you just said seems unassailable to me. I can understand that.

COMMUNITY TRAUMA

You know, there is a lot of community trauma associated with this. Cities all over every State take great pride in their Guard units. I was a Governor at one time. That is when I really came to appreciate the Guard. I had to use them half a dozen times—tornadoes, floods, riots, you name it. And that is when I developed such a keen appreciation for—shall I say their stamina and their dedication and their love of the Guard. Normally the morale in the Guard is as high as you will ever find it anywhere in the Active service.

But as I say, I understand your problem.

RECRUITMENT AND RETENTION

Let me ask you just two brief questions. What effect has Desert Storm had on recruiting in the Guards and Reserves?

Mr. **DUNCAN**. Before I answer that one, let me respond to your previous comments, Senator. Let me assure you that I agree with everything you said, that the value of the citizen/soldier in the United States is very unique. Let me also hasten to disabuse anyone who thinks that we are out to somehow make unwise reductions in any of our military forces. We are trying to give the Nation the most capability for the missions we see having to be performed for the least cost. But as far as morale and recruiting/retention, my personal view is that it is a little premature to reach any conclusions about that. But I have characterized it this way. I have referred to what I describe as the book on Desert Shield and Desert Storm. We know the first several chapters, and they are very successful chapters and have been very well written by both the Active and the Reserve components.

We do not know the last chapter of the book on Desert Shield or Desert Storm—that is to say, what the last chapter will say when we get all of the troops home and that chapter is written. It seems to be going very well.

But some of these earlier intimations that we may have major recruiting and retention problems, I am not convinced of. I guess I believe that if the reservists return home as the heros they are and receive the welcome which our soldiers and sailors and airmen and Marines and Coast Guardsmen are receiving now, I have a feeling that some of the projections may turn out to be wrong.

The fact is that it is too early to tell. I will certainly be happy to report to Congress in a few months from now, but I just cannot give the Senator my best judgment, because I really do not know.

Mr. JEHN. Senator, if I may, I would just like to add just one comment to react to your observation that these cuts that we have proposed to the Reserve forces may cause morale problems as well as discomfort and pain in some local communities. I would simply observe that what we are doing here and what we are proposing doing over the next 5 years is substantially reducing the size of the Department of Defense across the board.

And there are, in fact, going to be some painful decisions that we are all going to have to make and some I think discomfort on the part of individuals, a few involuntarily separated individuals from the Active Force, communities suffering because bases are closed or defense contractors are cutting back on their workload.

Senator BUMPERS. Yes; we have that—a little trauma coming next week, too.

Mr. JEHN. I do not think there is any way you can avoid completely the kind of discomfort and unease and pain even that you have suggested we are going to feel when you reduce the Department to the extent we are reducing them.

Senator BUMPERS. Secretary Jehn, let me ask you this question, and I will close with this, Mr. Chairman. I am fully sympathetic to your task. You have got to figure out what you are going to do with what we now call the limited resources that are going to be available to you in the future. And, as I say, I sympathize with your task.

What we are talking about, and probably what we are going to be talking about in this Congress, is whether you have really utilized those resources that are going to be available to you to the highest degree.

And on this subject, let me ask you this. And I fight a lot of battles around here. Some I win; some I lose. And some of them just take longer. But let me ask you this question. You can take one brigade out of Korea and leave 25,000 men and women there. The savings of taking one brigade out would finance one Guard division. Why is that not a good buy?

Mr. JEHN. Well, as Secretary Duncan mentioned a little while ago, those kinds of decision need to be made while considering both the cost elements, but also the capability effects of making changes like that. And where capability is concerned, we are talking about not just the intrinsic combat capability of units, but also their readiness and responsiveness to deploy, for instance, in contingency situations.

And so the kinds of judgments we have got to make have to be are these units, be they Active or Reserve, are they going to fit in well and be the kinds of capabilities we think we are going to need to respond to the threats we are likely to see over the next 10 years.

And it has been a difficult, painful process to go through that kind of decisionmaking over the last 12 months. Mr. Duncan and I have been right in the middle of it and witnessed the, I think, care and consideration, I would argue that all the senior members of the Department, but particularly the Secretary of Defense and the Chairman of the Joint Chiefs, have made—have brought to this process.

And what we think we have presented to the Congress this year is a budget for the fiscal years 1992 and 1993 and the defense program that makes those judgments and makes those decisions in the most carefully considered way.

Senator BUMPERS. If I were going to give you the option of saying, if I were king and I were getting ready to remove this brigade from Korea and give you the option of taking that money and adding—instead of cutting the Guard and Reserve divisions from 10 to 6, leaving one of them—would that be your first option or would you have a better place to put the money?

Mr. JEHN. Well, I guess the answer I would give to that is that I am not sure exactly the extent to which the option you have just proposed to us is really realistic in the sense or in the context of the kinds of budget agreements we have already got that we know because of the budget summary what the top line is for fiscal year 1992 and 1993. That is something ordinarily at this phase in the budget process we do not know.

And what we have struggled to do over the last 6 to 8 months was produce a budget that, given that constraint, tried to balance all our capabilities, Active and Reserve, military manpower versus procurement versus R&D, and so on. So if we begin, in essence, fencing or changing the amounts of money going to any one of those components, we necessarily are going to upset the balance.

Now, we have made decisions, as I said, I think in a very careful, deliberate, and I would say lengthy—excruciatingly lengthy at times—process, and I think we are all very comfortable with the budget we have sent forward to you. And if we start talking about allocating different amounts of money to the Reserves or different amounts of money on O&M expenditures or different amounts to procurement than are in the budget now, then that means something else is going to change as well. And the fear or the concern that I voice at this point is that that will upset the balance that we think we have stuck in the budget that we have sent forward.

Senator BUMPERS. Thank you, Mr. Chairman.

Senator INOUYE. Thank you. Before I call upon Senator Specter, Mr. Secretary, gentlemen, you certainly have noted by the questions asked that the matter of readiness and readiness reporting and additional training will be matters that will be heavily debated by this committee.

I would just like to add to that debate by telling you that I am most grateful to you and commend you for the cautious approach which you adopted in making certain that you were fully satisfied that our troops were adequately trained and ready before they were placed in harm's way. You see, I am old enough to remember World War II and Korea, when we did send in troops that were not adequately trained and ready. As a result, we suffered untold thousands of casualties unnecessarily. So, I commend you both. Thank you.

Senator Specter.

ANTIDRUG EFFORT

Senator SPECTER. Thank you, Mr. Chairman. I join my colleagues in welcoming you here and I add my voice to that of the chairman in congratulating you on work very well done.

Mr. Chairman, I have a series of questions which I would prefer to ask for the record and would close with another note of compliment on the very good work that you have been doing on the antidrug effort, which I have seen considerable evidence of in my home State of Pennsylvania.

Mr. DUNCAN. Thank you, Senator.

REDUCTIONS IN SELECTED RESERVES AND ACTIVE FORCES

Senator INOUYE. Thank you. I have a few more questions left and I would like to ask them for the record at this time.

The fiscal year 1992 budget proposes greater reductions to the Selected Reserve end strength and Active Forces than fiscal year 1991 to 1992. For example, Active Forces, 1991, 1,974,000; 1992, 1,886,000. That is a reduction of 88,000. For the Selected Reserve, in 1991 you have 1,176,000. In 1992, they get down to 1,680,000, or a reduction of 108,000.

I ask this because your proposal to reduce the Selected Reserves appears to be contrary to congressional intent. As you recall, our intent was to transfer additional roles and missions to the Reserves. Both the fiscal year 1991 authorization and appropriations acts supported greater use of the Reserves. This committee had this to say in our report. "The committee strongly supports the transfer of missions and equipment to the Guard and Reserve as tensions between the major world powers are reduced. The ability of the Guard and Reserves to contribute to lower intensity conflicts has been amply demonstrated in Just Cause and Desert Shield operations." All of us have indicated, that the Guard and Reserve performed well in Desert Shield and Desert Storm. Why is there this difference between the reduction in the forces between the Selected Reserves and Active Forces?

Mr. DUNCAN. Mr. Chairman, there are several factors at play here. One of the remarkable things we have had to deal with is the nature and the magnitude of the strategic changes, the changes in the strategic environment, just within the last year or year and a half. The kinds of forces that the Secretary has recommended and the President has recommended are designed to meet not the kinds of conflicts we have prepared for for the last 40 years, but the kinds of conflicts, as best as we can predict those kinds of conflicts to deter and be prepared to fight the conflicts of the future. They will be much different kinds of conflicts. Obviously we are looking at strategy that is based much more on potential regional conflicts and much less than a global conflict that might start on the Central Plain of Europe.

A second factor, of course, is the budgetary imperatives there were already in there to some extent, but with the budget summit agreement last fall, we had no choice but to cut force structure. We simply have no flexibility. Then when you start cutting force structure, it is a fact that much, in the case of the Army, which is the largest Reserve component, much of the combat power of the Army resides in the Active Forces and much of the support structure of the Army resides in the Reserve forces.

For example, something like 65 to 70 percent of the Army's combat support and combat service support resides in the Army Reserve. As you cut Active Forces—that is, combat forces—you simply cannot make an argument that you should leave the support forces in the force structure. Now there is not an exact 1-to-1 ratio there, but it is pretty close when you look at the support forces that are required for ground divisions, for example.

So we have several factors at play, and it is certainly not something where we simply came across and lopped off Reserve end strength so reservists could share in the pain. We all oppose that kind of approach to making these kinds of structure cuts. The structure cuts that we have tried to make relate to the new strategy the Secretary has talked about and our best judgment of how we balance the needs for the kinds of conflicts we see in the future with the budgetary limitations that we have.

Mr. JEHN. If I may, Senator, I would like to just add a comment that I think looking at any one year often gives you a very misleading picture. For instance, if you look at the cuts we proposed making in 1993, you would have seen that we are proposing bigger cuts in the Active Force, 92,000, than we are proposing in the Reserve Forces, only 80,000 from 1992 to 1993.

Further, if you look from 1993 to 1995, you would see we are proposing an additional 140,000 end-strength cut in the Active Force, and only about another 80,000 out of the Reserve Forces. So looking at any one year, as I said, can give you a misleading picture.

For my own purposes, the point of comparison I like to make the most is—I know this committee is aware—we actually began reducing the size of the Department several years ago. And, in fact, 1987 was the highwater mark for the size of the Department, and if you compare end strength in 1987 to what we propose getting to in 1997 when we think the entire drawdown will be completed, you will see that we produced, or we are proposing anyway to reduce, the active duty end strength nearly 25 percent while reducing the Reserve end strength just a bit over 20 percent.

So 1-year snapshots, if you will, I think sometimes gives a very misleading picture. Meanwhile, as Secretary Duncan has suggested, we think we are trying to produce a very balanced program, a program that will lead us to the Defense Establishment that is prepared and capable of meeting the threats we think we are likely to see over the next 10 to 15 years, while at the same time honoring the spirit of the sense of the Congress that has been expressed over the last few years.

Senator INOUYE. Secretary Jehn, your comments are well taken, because I think it should be also noted that between 1990 and 1991, you added to the Reserves.

Mr. JEHN. That is correct, sir.

Senator INOUYE. And you took away from the Active Forces.

But my question is overall, over several years, you would say that the intent of Congress is being carried out?

Mr. JEHN. Well, I do not want to presume here to speak to what the full intent of the Congress is. And as I said what I think the Congress has in mind, certainly what I very much hope the Congress has in mind, is the same thing we have in mind, namely producing a force when we are finished with this restructuring and reduction in size, a total force that is equipped and able to meet the threats we expect to see over the next 15 years.

NATIONAL GUARD AND COUNTERNARCOTICS MISSION

Senator INOUYE. Gentlemen, I will be submitting a whole batch of questions, but I promised several letter writers that I would ask this publicly because they requested that I do so. They came from National Guard personnel. According to these letters, the National Guard's personnel have been used by the Emigration and Naturalization Service and DEA for jobs such as brush clearing along the Southwest border, and clerks and typists. Their complaint is that they do not think that this type of work contributes much to readiness. Do you have any comments to make?

Mr. DUNCAN. Mr. Chairman, I should probably respond to that since I have a separate job and a separate staff related to counternarcotics. The National Guard has performed a major part of our counternarcotics efforts, but you will recall that the Congress was the one that directed the enhanced use of the National Guard by way of the Guard of performing in its title 32 or State status. We now have a very successful, smooth running process—the Governors of each State recommends plans on an annual basis for the use of the Guard in his or her State, acting in a State status to fight counternarcotics. Those plans are reviewed within the Department of Defense and approved by the Secretary of Defense before the moneys can be released to the individual States. When they are in a supporting role, when they are acting in a supporting role, National Guardsmen are searching containers with the Customs Service agents or supporting the Drug Enforcement Administration or working with the border patrol.

What we have tried to encourage because of the restrictions of the posse comitatus statute, is the assignment of soldiers in uniform to support roles that will permit law enforcement agents to be out on the front lines where arrests can be made and searches and seizures can be conducted. That often means putting a National Guardsman in a job that releases a law enforcement agent to go out to the field. That has been a broad objective. I think that is a good objective.

Now, I constantly ask the adjutants general to make these plans such that they provide good training. But remember that all of the guardsmen who are performing counternarcotics missions are volunteers who also have other training days or which they have to be trained for their wartime missions. So their counternarcotics responsibilities are over and above the training that they receive for preparation for wartime missions.

The remarkable news to me is that even in Desert Shield and Desert Storm, in all of the States we continued to have large numbers of National Guardsmen volunteer for the counternarcotics missions, over and above the training required for a possible engagement and conflict. It has been a very rewarding year in that regard.

Some of the individual guardsmen may not be happy on a day-to-day basis with some of the things they are asked to do, but the first place to go is to their adjutant general. They should ask whether their work is part of the State plan. If there is some improper use, certainly we clean that up. But I can tell you that across the board, law enforcement agencies speak in superlatives about the support of the National Guard in performing their counternarcotics missions.

Senator INOUYE. So these plans are State plans that have been approved by the Governor and the adjutant general?

Mr. DUNCAN. Yes, sir.

Senator INOUYE. And they are not being imposed by the DOD upon the States?

Mr. DUNCAN. No; when the guardsman acts in a State or title 32 status, those are performing plans recommended by their individual States which the Department of Defense has approved.

Senator INOUYE. And over and above this voluntary work is the regular training period?

Mr. DUNCAN. Yes, sir; we made it clear that we do not want any reduction of readiness for wartime missions to occur as a result of their performance of counternarcotics missions.

Senator INOUYE. Thank you very much.

Senator Domenici.

Senator DOMENICI. Mr. Chairman, I understand you are running behind and have a couple of other panels, so why do I not just submit my questions to this panel so you can get on with it? Is that what you desire, Mr. Chairman?

Senator INOUYE. Thank you very much. Without objection.

Senator STEVENS. I have a similar request from Senator Kasten.

Senator INOUYE. Without objection.

Senator LEAHY. And Mr. Chairman, I will do the same since we are under a time pressure.

Senator INOUYE. Thank you. I thank you very much, Secretary Jehn. I appreciate your testimony here.

Secretary Duncan, I understand you will be staying with us for the next panel.

CALL OF PANEL ON NATIONAL GUARD ISSUES

We will now hear from a panel of witnesses on National Guard issues. Joining you, Mr. Secretary, will be Lt. Gen. John B. Conaway, Chief of the National Guard Bureau; Maj. Gen. Donald Burdick, Director of the Army National Guard; and Maj. Gen. Philip G. Killey, U.S. Air Force, Director of the Air National Guard. [Pause.]

Gentlemen, I welcome all of you to this hearing, and we look forward to receiving your testimony. I will call upon General Conaway.

NATIONAL GUARD BUREAU

STATEMENT OF LT. GEN. JOHN B. CONAWAY, CHIEF, NATIONAL GUARD BUREAU

ACCOMPANIED BY:

MAJ. GEN. DONALD BURDICK, DIRECTOR, ARMY NATIONAL GUARD, DEPARTMENT OF THE ARMY

MAJ. GEN. PHILIP G. KILLEY, DIRECTOR, AIR NATIONAL GUARD HEADQUARTERS, U.S. AIR FORCE

General CONAWAY. Thank you, Mr. Chairman and members of this subcommittee. It is a pleasure for us to be able to appear before you on behalf of our National Guard budget and to be back before this subcommittee that has helped enhance the readiness of the National Guard as much as anyone has throughout the past 10 or 12 years, at least. It is a pleasure to represent all of our National Guard, our over 560,000 men and women of the Army and Air National Guard.

I will make a few short opening remarks and we will open it up for questions. I have with me Maj. Gen. Don Burdick, the Director of the Army National Guard, who is a Georgia guardsman, and Maj. Gen. Phil Killey, Director of the Air National Guard, who is a South Dakota guardsman. General Killey was the adjutant general of South Dakota and General Burdick was the assistant adjutant general of Georgia.

It seems like just yesterday we were here for our hearing last year when we were looking at different issues. Some things like the Supreme Court case which came out right, we had dissertation on last year. We are all thankful for that. This permits scheduling the National Guard's training where it needs to go to train in peacetime. There was never a problem with mobilization.

DESERT SHIELD/STORM

In terms of Desert Shield and Desert Storm, that started in early August with volunteers, as were mentioned by the previous panel, by the Army and Air National Guard. We had more volunteers than we could possibly use—than the Army and Guard could use. Army and Guard volunteers helped to get ready.

For example, at Fort Stewart with the 24th, volunteers helped with their equipment and the Guard loaned them equipment. We went to the forts and helped them load equipment. In the Air National Guard, all of our C–5's, C–141's, KC–135's, and C–130's were utilized almost from the beginning for transportation. When the call came on August 23, that started our first callup in 23 years. This is the first time the Presidential call has ever been used in history; it is only about 15 years old. We ended up with almost 80,000 men and women of the National Guard called up, plus many more volunteers, just under 65,000 Army National Guard men and women. This included 5 brigades.

We tend to focus in on the three roundout brigades, but there were five full brigades called up in the National Guard. The three roundout brigades that performed so well, and are so combat ready, as the Army says, probably the most combat-ready brigades they have today, but were not needed. We are there to support and reinforce, and the two field artillery brigades—one from Arkansas, which included Arkansas and Oklahoma, and one from Tennessee, which included Tennessee, Kentucky, and West Virginia—went to the theatre as part of the 65,000 Army National Guard that Don Burdick has.

Almost 40,000 went to the theatre of operation. And this is not widely known, but almost 20,000 flowed with the two corps—the 7th and 18th Airborne Corps—as the ground war started in February. Almost 16,000 were with the 7th Corps and almost 4,000 with the 18th Corps, including the field artillery brigades.

Back in the States, there were approximately another 15,000 to 20,000, including our brigades. There were 3,200 in Europe. Of the 20,000, almost, that did not flow with the brigades, they were in the Riyadh area and Dharhan. The Air National Guard had almost 14,000 and utilized 11,500 on involuntary status, with its tankers and reconnaissance and airlift communications used early. Fighters were obviously performing from day one, when the war started, flew missions without a combat loss and performed superbly.

I attribute a lot of this readiness to the equipage that this committee has given us. When you look at the equipment that the field commander wanted, the theatre wanted—he wanted the MLRS, the multiple launch rocket systems, and they were combat ready in the National Guard in Oklahoma. That unit went, flowed, fired hundreds of rounds, and great stories will come out about that particular unit of how well they did, flowing mostly with the British Army refueling trucks. Communications equipment was bought for the Army National Guard. Most of the units with that newer equipment were called and sent.

And thank goodness we had some of that equipment to flow. Obviously not enough, but what we had helped immensely. When you look at the Air Guard, General Killey's F-16 modified airplanes, his F/A-16, one of the first of the Air Force in Syracuse to go in and fly F-16 air interdiction work. And then when the ground war starts, the pilots flew A-16 close air support. Those types of systems, all those new C-130's bought in the last 10 or 12 years, where did they want those? In theatre, because of the extra capability that they had.

One of the things this committee is primarily responsible for doing and that they can take pride in, is reengining the KC-135A's of the Air National Guard and the Air Force Reserve. The KC-135E is the JT3D engine with reverse thrust. They were all called up and all utilized. The only one not federally mobilized involuntarily was the Alaska unit because of their theatre commitments up there. It was used there.

But, when I was over in the desert in late October and early November, there, up on the ramp, were two Alaska Air National Guard tankers doing their mission in a voluntary status over there as they all were before they were mobilized. And so those are the stories of the thousands, about almost 40,000 of General Burdick's personnel went over there in the theatre, and over 6,000 of General Killey's personnel were over there.

From a total force standpoint, they did send probably two-thirds of our National Guard forces over there in theatre.

We had ground communication units in the Air Guard that flowed with the 24th Division, blue suiters, up in the theatre.

While all of this was going on, we were accumulating great success stories. We will answer any questions you have on the roundouts.

COUNTERDRUG PROGRAM

Of our other units, we had 2,000 to 3,000 people per day performing in counternarcotics operations, supporting local State and Federal law enforcement agencies, both in the continental United States and supporting CINCSOUTH, the Caribbean, and CINCLANT in helping with radar of sites, TPS 43 TAC control radars, and F–16's and F–15's doing air defense work and intercept work of people trying to smuggle drugs.

One of the things you asked was about a couple of people complaining about doing certain things in support of law enforcement agencies. I might add to what Secretary Duncan said, counternarcotics operations is 100-percent voluntary. If they do not like it, I would like for them not to volunteer to work in counternarcotics. Because it is purely voluntary, your heart has got to be in it. It is a 100-percent voluntary operation. I have not received any complaints, myself, from any one voluteering to support counternarcotics operations. It is not like Desert Storm; that was involuntary.

GUARD STRENGTH

Our recruiting/retention and closing is surprisingly good, going far better than I even forecasted. The Air National Guard is basically right at 100-percent strength—116,600 and only going to 117,000 by September 30. They basically are fairly good with the President's budget. The Army National Guard that was descending slightly from October 1 to January 31 to 439,000 has turned the corner on February 1, gaining 2,000 in February to 441,000 and gaining 3,000 in March. It stands today at over 444,000 strength and the chart is still going up.

Now, I do not know what all that can be attributed to. I am sure the great patriotism in America and the great opportunity to serve and the fact that recruiting for active duty is down because their numbers are going down, as ours are supposed to in the Army Guard stay basically level in the Air Guard. But they are there. And stop loss, we haven't gained from that yet, as stop loss comes off and Active component personnel in the Army and the Air Force come on. That is prior-service people that will be knocking on our door to get in. We have not seen the results and outcome of that at this time.

And so all of America became interested in what was happening in Desert Shield and Desert Storm when the Guard and Reserve were called in August. Then, as the call doubled in November and we went with increasing personnel, practically every hometown in America had Guard or Reserve units called, as we had almost 80,000.

And so I am very proud of our Guard and Reserve and the job they have done. And the support of the employers and the communities, as well as the families. Our family support program is recognized as one of the best in the country. We have 54 major family support programs that supported 200,000-plus families—Active, Guard, and Reserve—with the infrastructure that the National

Guard has at 54 locations as we fan out. That is another great success story that will emerge.

We will now stop and answer any questions the subcommittee has. And you can direct them to myself and I will throw them to the Directors—I will take the questions, and they have got the answers. Thank you.

[The statements follow:]

STATEMENT OF HON. STEPHEN M. DUNCAN

Mr. Chairman and members of the subcommittee, I welcome this opportunity to discuss the Reserve components of the Armed Forces. Developments of historical significance which either involve or affect the Reserve components have taken place during the last eighteen months and it is timely for us to fix our current position as we chart the course for the future.

Because I have submitted a separate and rather comprehensive statement for the hearing today on the Department of Defense Total Force Policy, and in an effort to economize, I have not incorporated here, any discussion of the use of Reserve forces in Operations Desert Shield/ Desert Storm. Neither have I discussed matters which relate generally to the training of Reserve forces or our plans for future reliance on the Reserve components within the context of the evolving new defense strategy. I would respectfully refer the Subcommittee to my other statement for a discussion of those subjects.

MANPOWER OF THE READY RESERVE

THE SELECTED RESERVE

The year-end strength of the Selected Reserve (of all of the Reserve components) which is requested in the President's Budget for fiscal year 1992–93 will decrease by 14 percent between fiscal year 1990 and fiscal year 1993. At the end of fiscal year 1990, the Selected Reserve will total 988,600. This will be the first time since fiscal year 1982 that the Selected Reserve end-strength is less than 1 million. The end-strength for FY 1991 will be 21,778 above the FY 1990 actual strength, as a result of Congressional action which restored previously planned reductions of nearly 20,000 in the Army National Guard and Army Reserve. By comparison, the FY 1993 end-strenth for the Active forces will decline to 1,794,500, some 249,205 or 12 percent less than the FY 1990 level.

The most substantial strength reductions will take place in the Army Reserve components. The Army Reserve and Army National Guard will incur a combined reduction of 133,830 between FY 1990 and FY 1993. The Air Force Reserve components will be the least affected, with a combined reduction of 4,090 personnel. The Naval Reserve and Marine Corps Reserve will have reductions of 29,601 and 5,630, respectively, during the FY 1990 to FY 1993 time-frame.

The force structure on which the President's budget is based upon new military strategy and plans to continue to assign major responsibilities for the nation's defense to the Reserve components. The composition of the Total Force will thus be determined by the requirements of the new strategy and will not be the result of an effort to reduce Active and Reserve forces equally. Despite the overall reduction in budgeted strength, the Selected Reserve will continue to constitute about 35 percent of the 2.8 million member Total Force in FY 1993.

TABLE 1.—SELECTED RESERVE MANPOWER

[End strength in thousands]

	Actual, fiscal year 1990	Estimate, fiscal year 1991	Budget—	
			Fiscal year 1992	Fiscal year 1993
Army National Guard	444.2	457.3	410.9	366.3
Army Reserve	310.1	318.7	282.7	254.5
Naval Reserve	152.8	153.3	134.8	127.1
Marine Corps Reserve	44.5	43.1	40.9	38.9
Air National Guard	117.8	117.0	118.1	119.4
Air Force Reserve	83.8	85.6	81.2	82.4

TABLE 1.—SELECTED RESERVE MANPOWER—Continued

[End strength in thousands]

	Actual, fiscal year 1990	Estimate, fiscal year 1991	Budget—	
			Fiscal year 1992	Fiscal year 1993
DOD total	1,153.2	1,175.0	1,068.4	988.6
Coast Guard Reserve	12.1	12.0	12.0	12.0

RECRUITING FOR THE SELECTED RESERVE

During fiscal year 1990, enlistments for the Selected Reserve totalled 215,537, an increase of over 3,000 above fiscal year 1989 enlistments. The recruiting objectives of the Active forces decreased by more than 34,000 between fiscal year 1989 and fiscal year 1990.

Demographic projections for the decade of the 1990s suggest a declining population of young, qualified candidates for military service. Improved training opportunities, incentive programs, and entitlements, such as the Montgomery GI Bill, will continue to be imperative if we are to succeed with our Reserve manpower programs. Prior-service enlistments (58.8 percent of the total) exceeded non-prior service enlistments by nearly 38,000 during fiscal year 1990. Table 2 summarizes the recruiting of enlisted personnel in the Selected Reserve.

TABLE 2.—DOD SELECTED RESERVE ENLISTED ACCESSIONS SUMMARY

[Members in thousands]

Category	Fiscal year—		
	1980	1985	1990
Army National Guard	97.1	83.0	76.6
Army Reserve	59.4	78.9	67.5
Naval Reserve	28.1	33.1	35.4
Marine Corps Reserve	9.3	9.7	11.8
Air National Guard	16.0	14.9	12.3
Air Force Reserve	12.1	13.2	11.9
Total	222.1	232.8	215.5

The quality of enlisted Reserve personnel remains high. In 1990 more than 87 percent of non-prior service enlistees had a high school education or equivalent, and more than 93 percent tested in categories I-III on the Armed Forces Qualification Test. The overall improvement in the quality of nonprior service recruits since 1980 is substantial, as shown in Table 3.

TABLE 3.—SELECTED RESERVE ENLISTMENTS (DOD) QUALITY INDICATORS

	Fiscal year—	
	1980	1990
Percent high school diploma graduates [1]	66	93
Percent in AFQT categories [2]	73	93
Total nonprior service accessions [3]	93,700	88,900

[1] Includes equivalency certificate and diploma graduates as well as high school students who enlisted prior to their graduation and were expected to graduate.

[2] AFQT Categories I-III include enlistees who score average or above on the enlistment test.

[3] Rounded to the nearest hundred.

The gains in quality and readiness are due to several factors. Perhaps the most important is the fact that Reservists are volunteers who make the sacrifices required of military service because they choose to do so. Another critical factor has been the assignment to the Reserve forces of broader peacetime operating responsibilities and wartime missions in the context of the Total Force Policy.

On the basis of recent discussions with senior Reserve leaders and manpower experts, I continue to believe that it is premature to reach even tentative conclusions about the short-term impact of Operations Desert Shield/Desert Storm on the recruiting and retention of Reservists. I continue to be confident, however, about long-term prospects. The first several chapters of what I have described as the book on Operations Desert Shield/Desert Storm are well known. We are still writing the final chapter. If it is written is well as the first chapters, our future recruiting and retention challenges will likely be considerably less difficult than some observers have predicted.

The absence of clear trends in recruiting and retention is due in great part to the unique characteristics of Reserve recruiting. It also results from certain policy actions involving personnel that have been taken in connection with Desert Shield/ Desert Storm and from certain other steps which have been taken to improve the readiness of Reserve units independent of the events in the Persian Gulf. Reserve recruiting is, for example, focused almost entirely on the requirements of particular units within relatively limited geographic areas. In the case of the Reserve components of the Army and Air Force, recruiting within particular units necessarily ceased when those units were activated. Recruiting to fill vacancies in a Reserve unit is very difficult when the unit has been activated along with all or most of its recruiting force.

The implementation of "stop-loss" policies within both the Active force and Reserve components has also played a role, since six of every ten accessions into the Selected Reserve are individuals who have prior military service. The retention within the Active component of personnel who would otherwise have affiliated with a National Guard or Reserve unit upon being released from active duty has obviously had an impact on recruiting for Reserve units. This is particularly true for the Reserve components of the Army, since over one-third of all enlisted personnel who leave the active Army are eligible for or required to perform continued service affiliation with either the Army National Guard or the Army Reserve.

The Department of Defense has devoted considerable resources to the promotion of the Montgomery GI Bill for the Selected Reserve. The Joint Recruiting Advertising Program (JRAP), responsible for communicating the benefits and opportunities common to all Services to increase enlistments in the armed forces, funds a monthly mailing to 120,000 to 140,000 young men recently registered with the Selective Service. The documents received by this target group explain the opportunities which exist in the Active forces and Reserve components, and the benefits of the Montgomery GI Bill. The funding of this program for fiscal year 1991 is $13.4 million. The JRAP also sends copies of the Futures magazine, featuring Armed Services advertising, to most high school seniors. Table 4 identifies Recruiting Resources by Reserve component for fiscal years 1990 through 1993.

TABLE 4.—RECRUITING RESOURCES BY RESERVE COMPONENT

[In millions of current dollars]

Component	Actual, fiscal year 1990	Programmed, fiscal year 1991	Budget—	
			Fiscal year 1992	Fiscal year 1993
Army National Guard	260.0	272.1	255.5	239.2
Army Reserve	214.2	237.8	224.5	200.0
Naval Reserve	90.4	90.4	82.7	81.9
Marine Corps Reserve [1]	20.6	20.8	20.6	21.0
Air National Guard	47.4	46.2	47.2	47.6
Air Force Reserve	33.7	32.2	33.5	35.2
Joint Adv.	2.1	1.0	.8	.6
Total [2]	668.4	700.5	664.8	625.5

[1] Does not include resources (estimated 30.2 million annually) reflected in Active Budget for recruiting of approximately 7,800 NPS personnel.

[2] Numbers may not total due to rounding.

Entitlement to educational assistance under the Montgomery GI Bill requires an obligated term of service of at least six years in the Selected Reserve. One measure of the value of this legislation is its effect on the number of six-year enlistments. Since the inception of the program, accessions committing to six-year or greater terms of service have steadily increased. The proportion of new accessions (non-prior service) electing six-year terms has increased from 39 percent in fiscal year 1985 to 68 percent in fiscal year 1990. While other enlistment bonuses and general economic conditions have contributed to this success, there is no doubt that the Montgomery GI Bill is a significant factor. At the end of fiscal year 1990, 45 percent of all members eligible for educational assistance had actually applied for the benefits. This is up from 39 percent at the end of fiscal year 1989.

Because of the complexity of program administration associated with the provision of educational assistance to all National Guardsmen and Reservists, continued emphasis has been placed on improving administrative procedures and automated systems. While emphasis has been on accuracy and efficiency in providing benefits to members who are participating satisfactorily, DOD has also developed initial procedures for implementing recoupment procedures for members who have not participated satisfactorily.

Table 5 compares program eligibles to participants for fiscal years 1989 and 1990. The percentage of eligibles actually applying for educational assistance increased in all components during the past year.

TABLE 5.—MONTGOMERY GI BILL—SELECTED RESERVE PERCENTAGE OF APPLICANTS TO ELIGIBLES

[As of Sept. 30, 1990]

Reserve component	Eligibles	Applicants	Percentage of participation—	
			Fiscal year 1990	Fiscal year 1989
Army National Guard	196,031	78,287	40.0	34.5
Army Reserve	84,714	48,716	57.5	53.0
Naval Reserve	42,279	20,753	49.1	43.2
Marine Corps Reserve	23,709	14,116	59.5	55.2
Air National Guard	55,454	22,440	40.5	38.0
Air Force Reserve	39,236	13,284	33.9	29.8
Coast Guard Reserve	4,106	1,546	37.7	30.9
Total Selected Reserve	445,529	199,142	44.7	39.7

The Montgomery GI Bill has proven to be particularly attractive to high school graduates interested in pursuing their education. Eighty-eight percent of the enlisted participants are under age 30, while only sixty-five percent of all enlisted members are under age 30. Fifty-four percent of the participants are under age 22. Eighty-seven percent of the total Selected Reserve population is male and thirteen percent female as compared to a Montgomery GI Bill program distribution of eighty-one percent male and nineteen percent female. Of the total female Selected Reserve population, twenty-three percent are applicants.Table 6 identifies the benefit level of participants by Reserve component. At a White House ceremony on June 5, 1990, the enrollment of the one-millionth individual to sign up for the Montgomery GI Bill was celebrated.

TABLE 6.—MONTGOMERY GI BILL—SELECTED RESERVE LEVEL OF INDIVIDUAL PARTICIPATION BY COMPONENT

Reserve component	Full-time	Three-quarter time	One-half time	Percentage full or three-quarter
Army National Guard	37,703	6,113	6,752	86.6
Army Reserve	20,837	3,794	4,319	85.1
Naval Reserve	8,308	1,917	2,562	80.1
Marine Corps Reserve	7,657	1,420	1,173	88.6
Air National Guard	9,858	2,267	3,803	76.1
Air Force Reserve	4.422	1,437	2.425	70.7
Total Selected Reserve [1]	88,889	16,950	21,044	83.4

[1] Participants receiving benefits while attending on a less than half-time basis are not shown. Eligibility for less than half time study began in November 1988. The Coast Guard Reserve is not included due to the extent of missing data on level of participants.

Assistance for vocational/technical programs was added to the Selected Reserve program on October 1, 1990. The programs which are eligible for assistance include: (a) apprenticeship training and other on-the-job training, (b) cooperative study programs, (c) approved correspondence courses, (d) refresher, remedial, and deficiency training, (e) work study assistance, and (f) a test flight training program. In order to receive assistance for these benefits, an individual must enlist, reenlist, or extend his service obligation for six years on or after October 1, 1990.

The annual cost of the GI Bill program for fiscal years 1985 through fiscal year 1993, are reflected in Table 7.

TABLE 7.—*Montgomery GI bill—Selected Reserve annual obligations*

[In millions of dollars]

Actual: Fiscal year:	
1985	19.9
1989	81.6
1990	78.1
Estimate: Fiscal year 1991	94.9
Budget: Fiscal year:	
1991	80.4
1993	77.7

In July 1990, the DOD Education Benefits Board of Actuaries reevaluated the per capita normal costs charged to the Services. Based upon a new population model and revised participation rates, the estimated obligations to the Education Benefits Fund for fiscal year 1990 and beyond were adjusted.

The Montgomery GI Bill for the Selected Reserve is unique for two reasons. First, it provides benefits to participants before their required service is completed so long as they have completed initial training. Second, the program is available to all Reservists who agree to serve for six years, and not just to new enlistees. Program administration is shared by the Department of Defense and the Department of Veterans Affairs. The Defense Manpower Data Center (DMCC) acts as the central clearing house between DOD and DVA for Service reports of eligibility. This information is passed weekly to the DVA which makes it available to their regional offices. Benefit payments are processed by the DVA in the same manner as any other entitlement program. The challenge of administrating and maintaining a functional educational benefits system encompassing all Reserve components, DMDC, and the DVA is being met and managed with fewer problems each year.

EMPLOYER/COMMUNITY SUPPORT OF RESERVISTS

On August 10, 1990, the Secretary of Defense directed me to take the lead, working with other of his senior policy advisors, to ensure that the National Committee for Employer Support of the Guard and Reserve (NCESGR), an agency of my office, was fully prepared to perform its responsibilities in the event of a callup of Reserve forces. I was further directed to ensure that units and individuals that might be called to active duty received the community support they would need in their states and localities.

To that end, I met immediately with senior officials of each Military Department to prepare and implement an action plan for employer and community support. A 24-hour telephone watch was established in the offices of NCESGR to handle the thousands of calls that might be expected regarding a wide range of employer-related issues once any call-up was announced. The 3,700 volunteer civilian members of NCESGR of each of the individual states and territories were asked to visit previously assigned Reserve units to answer questions about employer-related issues. They were also encouraged to contact local employers and to publicly convey appreciation for their support. NCESGR extended its operation to 24 hours a day, seven days a week. New materials explaining the reemployment rights of veterans were prepared and immediately sent to the chairmen of the individual state committees. An intense media campaign was initiated. A new advertisement relating directly to Operation Desert Shield was prepared and was immediately aired in markets across the United States.

A broad national effort was also made to make known to the public the 800-toll free telephone number of NCESGR. National distribution of the 800 number was made to radio and television stations as public service advertising through the Advertising Council. Additional telephone lines were installed in the offices of NCESGR and by the time the President signed the August 22, 1990 Executive Order authorizing the call to active duty of members of the Selected Reserve, we were ready.

As expected, immediately after the announcement of the President's authorization, a huge volume of questions regarding employment and reemployment rights and obligations were raised by Reservists and employers around the country, as well as by industry groups and members of the media. Daily inquiries and complaints jumped from slightly over 200 a day to over 800 each day, on average. To ensure that deploying Reservists were informed about their reemployment rights upon their return, I asked members of our volunteer state committees to travel to the several mobilization sites to be available to answer questions and to distribute relevant materials. A similar effort is underway at the demobilization sites for returning Reservists. Work is also proceeding to address other problems that may arise during the demobilization process.

A separate effort has been made to protect the educational opportunities for Reservists who have been called. The Secretary of Defense has written to all state governors to solicit their support of state law protection of the rights of Reservists to return to their college upon completion of active service and for refunds of tuition and fees which have been paid by activated Reservists for semesters they are unable to complete. The Sense of Congress which was expressed in Section 373 of the Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act of 1991 and which relates to tuition refunds or credits for members of the Armed Forces on active duty will also be very helpful.

Our experience in Operations Desert Shield/Desert Storm demonstrated that when the nation calls, America's employers generally respond with the kind of support that is needed. Although under no obligation to do so, many employers offered significant pay and other benefits which are not provided to other employees on leave or furlough. Many employers also provided limited paid military leave or made up the difference between regular and military pay for specified periods of time for their employee-Reservists who were called to active duty. Some companies also continued health benefits and provided support to the families of their employee-Reservists.

Separately, special efforts were made to assist the families of Reservists who were called to active duty. A detailed pamphlet for Reserve families entitled "Ordered to Active Duty What Now?", was prepared, distributed widely, and was well received. It included important information on compensation, medical care, available services at military installations, family assistance, legal assistance, the Soldiers' and Sailors' Civil Relief Act, civilian reemployment rights, and other matters of concern to Reservists and their families. It also included a personal letter from Secretary Cheney to the families of Reservists who were called to active duty.

Special efforts were also made last fall after the commencement of Operation Desert Shield to present recommendations to the Congress for amendments to the Soldiers' and Sailors' Civil Relief Act. An area of particular concern which was not previously covered by that Act, involved professional liability protection for certain Reservists who were ordered to active duty. Another area of concern was the need for reimbursement or crediting of tuition of Reservists whose schooling was interrupted by their service in support of Operation Desert Shield. Certain other features of the Act also required prompt attention. We have been very gratified by the passage of the legislative amendments to the Soldiers' and Sailors' Civil Relief Act which the Department recommended.

Another major legislative proposal was submitted for your consideration on February 21. This proposal, entitled the "Uniformed Services Reemployment Rights Act of 1991," is the product of the work of an interagency task force. It will update, clarify and strengthen reemployment assistance for persons after service in the uniformed services and encourage active participation in the Reserve Components. I strongly endorse and recommend passage of this piece of legislation which my office has worked on for almost three years.

I would also note that on February 19, the U.S. Supreme Court granted the Government's Petition for Certiorari in the case of *King* v. *St. Vincent's Hospital*. The issue presented by the case is whether an employee-Reservist's right under Title 38, U.S. Code Section 2024(d) to a leave of absence from employment to serve on active duty is conditional on the "reasonableness" of the employee-Reservist's request for leave. I am hopeful that the Court's future decision will clear current ambiguities which are the result of conflicts in the case law of certain of the federal judicial circuits.

More routine work relating to the enhancement of support by employers of Reservists also took place during 1990. Using scheduled aircraft training missions, NCESGR transported some 2,900 employers on 79 separate "bosslifts" to observe field training of National Guardsmen and Reservists. The employers received briefings on the roles, mission capabilities of the various Reserve forces and visited a wide range of military training centers. A series of training workshops was also conducted to improve the competence of the state-level volunteer committees. Action was also taken on more than 9,000 inquiries or complaints, a 28 percent increase over 1989.

THE INDIVIDUAL READY RESERVE

The Individual Ready Reserve (IRR) is the principal source of trained individuals to fill wartime manpower shortages in Active and Reserve units. Plans call for the

IRR to be used to fill shortages in existing units, as well as to replace combat casualties during the early stages of a full mobilization.

The IRR was used by all of the Services in support of Operation Desert Storm. The Army placed the most reliance on the IRR, sending IRR members to the theater of operations to fill individual billets. Members of the Army IRR also filled specific billets in Europe and the United States as backfill for deployed active duty soldiers. The Navy called a few IRR language specialists to active duty. The members of the Marine Corps IRR formed combat replacement companies, provided support for bases and stations, served as members of casualty and family assistance teams and conducted mobilization processing. The Air Force called a small number of IRR medical personnel to active duty to fill specific shortfalls.

The use of the IRR in Desert Storm illustrates the importance of the Department's annual screen. The screen helps each Service maintain current information on the location and availability for activation of members of the IRR. It reminds the Reservists of their remaining military obligations. It also provides encouragement for IRR members to upgrade their status and join a Selected Reserve unit. Over 10,000 IRR members per year indicate a desire to affiliate with a local unit.

TABLE 8.—IRR MUSTER SCREENING RESULTS[1]

	Subject to screen	Numbers screened	Percent screened
Army			
Navy	17,407	8,213	47.2
Air Force	25,671	23,088	89.9
Marine Corps	17,645	14,307	81.1

[1] In addition, the Services conduct "by mail" screenings by IRR members not available for the active duty screening.

Table 9 reflects the Individual Ready Reserve strength profile by Reserve component.

TABLE 9.—IRR STRENGTH

	Fiscal year—		
	1990 actual	1991 estimate	1993 projected
Army National Guard	10,126	10,507	10,507
Army Reserve	274,588	329,476	431,965
Naval Reserve	86,556	113,600	135,000
Marine Corps Reserve	36,552	48,000	74,000
Air Force Reserve	53,117	46,515	46,500
Total	460,939	548,098	697,972

[1] Inactive National Guard (ING) is included in the Ready Reserve.

FULL-TIME SUPPORT PERSONNEL

The full-time support program remains fundamental to the Reserve components. The four types of personnel who provide full time support are Active Guard and Reserve (AGR), Military Technicians, Active Component members, and civil service personnel. They contribute materially to Reserve unit readiness and deployability. They organize, train, recruit, and administer the Reserve component forces, as well as maintain equipment and perform other logistical activities.

The goal of the Department of Defense is to maintain a level of full-time support which is commensurate with the readiness requirements of specific Reserve units and program affordability. While the size of the Selected Reserve has increased by approximately 40 percent over the last decade, the full-time support force has increased by over 50 percent. The President's Budget for fiscal years 1992 and 1993 requests reductions in both the Military Technician program and Active Guard Reserve program, but the full-time support force will continue to grow slightly when considered as a percentage of the total Selected Reserve. This modest improvement is in keeping with our desire to maintain adequate levels of full-time support during a period of significant change.

Our management of this important program continues to improve. We are currently working to develop, staffing principles for full time support personnel which will apply to all of the Reserve components and which will permit us to establish staffing priorities when shortfalls exist. We are also conducting a review of Military

Technician compensation. These actions,coupled with last year's development of new accounting methods for the full-time support personnel, represent a continued improvement in the management of this critical program.

The fiscal year 1992 full-time support levels will closely approximate those requested in fiscal year 1991 with some changes in composition of the force as indicated above. As the Active forces reduce overhead end-strength in such areas as classroom training, unit training, base operating support, and other important functions which also benefit the Selected Reserve, the Reserve components may well need to increase their full-time staff to provide that support. This requirement will tend to offset reductions associated with force level changes.

TABLE 10.—FULL-TIME SUPPORT (END STRENGTH) ACTIVE GUARD AND RESERVE

	Actual, fiscal year 1990	Estimate, fiscal year 1991	Budget—	
			Fiscal year 1992	Fiscal year 1993
Army National Guard	25,788	26,199	23,341	21,580
Army Reserve	13,702	13,344	12,673	11,984
Naval Reserve	22,672	22,889	21,437	20,505
Marine Corps Reserve	2,305	2,224	2,170	2,050
Air National Guard	8,641	8,468	8,969	8,923
Air Force Reserve	688	655	643	618
Total	73,796	73,779	69,233	65,660

TABLE 11.—FULL-TIME SUPPORT (END STRENGTH) ACTIVE COMPONENT

	Actual, fiscal year 1990	Estimate, fiscal year 1991	Budget—	
			Fiscal year 1992	Fiscal year 1993
Army National Guard	546	546	546	546
Army Reserve	1,100	1,100	1,100	1,100
Naval Reserve	7,444	8,772	6,077	6,154
Marine Corps Reserve	4,999	4,990	4,428	4,260
Air National Guard	597	640	622	619
Air Force Reserve	586	634	686	689
Total	15,272	16,682	13,459	13,368

TABLE 12.—FULL-TIME SUPPORT (END STRENGTH) CIVILIAN

	Actual, fiscal year 1990	Estimate, fiscal year 1991	Budget—	
			Fiscal year 1992	Fiscal year 1993
Army National Guard[1]	2,606	2,606	2,606	2,606
Army Reserve	5,341	4,928	4,805	4,788
Naval Reserve	2,960	2,974	2,804	2,706
Marine Corps Reserve	352	352	352	352
Air National Guard[1]	2,491	2,444	2,459	2,460
Air Force Reserve	4,583	4,421	4,750	4,914
Total	18,353	17,725	17,776	17,828

[1] Includes Title 5 and Title 32 civilian employees.

TABLE 13.—FULL-TIME SUPPORT (END STRENGTH) TECHNICIANS

	Actual fiscal year 1990	Estimate fiscal year 1991	Request—	
			Fiscal year 1992	Fiscal year 1993
Army National Guard[1]	26,257	26,257	25,555	24,433
Army Reserve	7,629	7,337	7,368	7,345
Air National Guard[1]	23,810	23,436	23,764	24,138

TABLE 13.—FULL-TIME SUPPORT (END STRENGTH) TECHNICIANS—Continued

	Actual fiscal year 1990	Estimate fiscal year 1991	Request—	
			Fiscal year 1992	Fiscal year 1993
Air Force Reserve	10,238	9,889	9,922	9,886
Total	67,934	66,919	66,607	65,802

[1] Only includes dual-status military technicians.

RESERVE OFFICERS PERSONNEL MANAGEMENT ACT

The Department of Defense submitted a major legislative proposal to revise the laws governing Reserve officer appointments, promotions, separations, and transfers to the Retires Reserve to the 99th, 100th, and 101st Congresses. The Reserve Officer Personnel Management Act (ROPMA) proposal has been developed to closely parallel the provisions of the Defense Officer Personnel Management Act (DOPMA) which was enacted in 1980 to improve the management of Active force officers. To date, while legislation has been enacted, the Department continues to strongly support the ROPMA proposal. If enacted the legislation would provide a uniform and improved personnel management system for Reserve officers. It would help ensure equitable, cost-effective management of Reserve officers and enhance the readiness of the Reserve forces. The provisions of ROPMA are particularly important with respect to improved and more uniform management for officers serving in the health professions and in other competitive categories such as judge advocates and chaplains. It would stimulate long-range planning which is necessary to provide Reserve officers with attractive and meaningful careers.

We need to attract and retain officers of the proper age and grade, with the skills and experience needed by today's Reserve components. ROPMA is the means to that end, since it would provide flexible personnel management needed to react to changing roles, missions, and force structure. I urge you to act on this important management proposal as quickly as possible.

EQUAL OPPORTUNITY FOR RESERVISTS

The Reserve components have been full partners in the DOD Equal Opportunity initiatives. Representatives of the Office of Reserve Affairs participate actively in the Defense Equal Opportunity Council, as well as on the working groups and subcommittees within the Council and the Defense Advisory Committee on Women in the Services. The recently published DOD Instruction establishing new Affirmative Action planning and reporting requirements requires Reserve components to track the same data as the Active components. Representatives of my office participate in the analysis of the affirmative action plan goals and achievements of both the Active and the Reserve components.

The overall racial and ethnic composition of the Reserves generally parallels that of the Active Forces, although there are many regional differences, particularly in the Army Guard, based upon the available manpower pool in specific geographic locations.

Minority accessions are increasing across all Reserve components. The assimilation of minorities into such technical categories as aviation, electronics, and certain maritime career fields has enhanced promotion opportunities. The leadership of each of the Reserve components remains active in advancing numerous programs aimed at assisting minority members.

The percentage of women in the Selected Reserve has increased for nine consecutive years. At the end of fiscal year 1990, it was approximately 13.1 percent. Barely a decade ago women comprised less than five percent of the National Guard and federal Reserve forces, and were serving in traditional functional areas such as administration, personnel, and medicine. They now serve in all military specialties, except those prohibited by legislation and associated Service policies. Women now also serve in many career fields which historically have been staffed exclusively by men (e.g., operations, intelligence, and maintenance). Senior National Guard and Reserve leadership is ensuring that career and leadership opportunities are afforded to women. National Guard and Reserve women now comprise 40.3 percent of all women in the Armed Forces.

RESERVE FAMILY MEMBER IDENTIFICATION CARD

National Guard/Reserve Family Member Identification Cards are currently being produced at the Service level. Distribution of the new DOD identification cards will begin as soon as the implementing directive DODI 1000.13 is published. The new ID cards will replace current Service-specific Reserve Dependent ID Cards on a phase-in basis.

The DOD Family member ID Card will provide an improved means of ensuring that only bonafide dependents of Reservists have access to commissary, exchange, and MWR privileges. The identification cards will also enhance the security on military installations by providing verification of an individual's relationship to a Reserve sponsor. I anticipate that by 1994, the only acceptable identification for a National Guard or Reserve dependent will be either the active duty dependent ID card or the DOD Guard/Reserve Family Member ID Card.

I am also pleased to report that the Armed Forces Commissary Privilege Card has been fully fielded to all eligible members of the Selected Reserve. Although the card will be issued mainly in the sponsor's name from a central source within each Service and on an annual basis, units may request the issuance of a card at anytime during the year.

NEW BENEFITS FOR RESERVE RETIREES ENTITLED TO PAY AT AGE 60 (BUT NOT YET AGE 60), OTHER RESERVE MEMBERS, AND THEIR DEPENDENTS

I am pleased to report the significant gratitude of those Reservists who have earned their retirement, but who have not reached the retirement pay age of 60, for the provision in the fiscal year 1991 Defense Authorization Act which authorizes as many as 12 commissary visits per calendar year, and which further provides unlimited exchange, and morale, welfare, and recreation (MWR) privileges for those Reservists and their authorized dependents. We are continuing to work energetically to issue to these members and their dependents, Armed forces identification cards and commissary privilege cards and to move these communities into the Defense Enrollment and Eligibility Reporting System (DEERS). These new benefits will affect approximately 575,000 Reservists and National Guardsmen and 1.7 million eligible dependents.

EQUIPMENT AND FACILITIES OF THE RESERVE COMPONENTS

EQUIPMENT READINESS

During fiscal year 1990, the Department of Defense and the Services continued to improve the equipment status of the Reserve components. The effect of increased funding during the decade of the 1980's continues to be reflected in both improved capabilities and higher equipment fill-rates, as witnessed in Operations Just Cause and Desert Shield/Desert Storm.

On the basis of a representative sampling of over 1,500 major line items, as reflected in my fiscal year 1992 report to Congress on the status of National Guard and Reserve equipment, I estimate that equipment valued at $9.7 billion was delivered to National Guard and Reserve forces in fiscal year 1990. This included fixed and rotary winged aircraft, ships, tanks, tactical and support vehicles, as well as engineering, communication, and other equipment. Future projections indicate a declining level of equipment deliveries to the Reserve components which will average approximately $5.8 billion annually over the next four years. This reduction is in direct correlation to the level of Service procurement funding.

On the basis of this representative sample, it is my opinion that if the Reserve component forces were to be fully mobilized during the current fiscal year, they would be able to field overall, in terms of dollar value, almost 88 percent of the current requirements for the selected items in the National Guard and Reserve Equipment report. To reach this percentage, they would have to make use of available substitutes. During fiscal year 1992, they would be able to field approximately 95 percent of their required equipment—in terms of dollar value. However, this 95 percent rate would be reduced to 86 percent if substitute items were not used. It should be kept in mind that any projections on equipment availability are subject to the effects of Operation Desert Storm.

The National Guard and Reserve Equipment Report includes a four year projection of each Service's plan to deliver new and redistributed equipment. As in past years, the Services had varying degrees of success in the implementation of their equipment distribution and procurement plans. Variations occur because of fluctuations in contractor delivery schedules and quantities as well as changes in funding strategies. For instance, deliveries may be delayed beyond the fiscal year, or projected quantities may not be delivered as scheduled. The inverse of this situation also occurs; that is, sometimes equipment is produced and distributed ahead of schedule.

The data for fiscal year 1990 reflect a wide disparity in the program execution rates for the Reserve components. For example, the Air National Guard and Air Force Reserve executed 94 percent and 99 percent, respectively, of the programmed deliveries. These high rates are consistent with the rates of the previous year and are due primarily to the success of those components in the transitioning of aircraft from the Active to the Reserve components in accordance with programmed schedules.

The Army National Guard and Army Reserve executed 61 percent and 23 percent, respectively, of programmed deliveries. The main reasons for these lower execution rates were threefold: (1) unprogrammed factory diversions of helicopters and tactical wheeled vehicles to Active component units in support of Operations Desert Shield/Desert Storm; (2) delayed deliveries of $71 million of 5-ton trucks because of pending product improvement modifications; and (3) canceled purchases of armored personnel carriers. It should be noted, however, that the Army Reserve rate has historically been the lowest of the Reserve components—below 50 percent. This is due mainly to the large number of combat service support units which either do not deploy or are scheduled to deploy late in a conflict. Those units receive a lower priority of procurement funding when the budget becomes more constrained. Their resourcing priority is low in accordance with the Department's "first-to-fight, first-to-be-equipped" policy.

Even if the Department of Defense achieves 100 percent execution of its current equipment redistribution and procurement plans, shortfalls will remain. The fiscal year 1992 National Guard and Reserve Equipment Report projects a very impressive on-hand equipment fill-rate of 97 percent of mobilization requirements, counting available substitutes, by the end of fiscal year 1994. The 97 percent rate would be reduced to 93 percent if substitutes were not used. This unprecedented fill-rate still leaves an equipment shortfall of approximately $6 billion, or $4 billion less than last year's shortfall forecast of $10 billion. This decrease in shortfall is due primarily to decreasing requirements resulting from force structure changes.

Service plans for fiscal year 1992 Reserve component equipment procurement are contained in the Department's P–1R report which accompanied the President's budget. It reflects the types, quantities, and costs of equipment to be procured for the Reserve components. The report identifies $1.45 billion for National Guard and Reserve equipment procurement in fiscal year 1992.

As you know, Mr. Chairman, fiscal year 1991 was the first year in which the Department submitted a specific request for $455 million in the President's budget for the funding of equipment for the Reserve component forces. For fiscal year 1992, overall budgetary constraints on investment preclude inclusion of a specific request beyond those requirements reflected in the Services' procurement requests.

Table 14 illustrates Reserve component procurement as a portion of the Department of Defense procurement totals for fiscal years 1989 through 1991, along with the fiscal year 1992 request. The total amount appropriated for the Guard and Reserve during fiscal year 1989 through 1991 includes the P–1R request, the DOD specific procurement request for Reserve components (FY 1991 only), and Congressional adds. The fiscal year 1992 request for the Guard and Reserve contains the (P–1R) request only.

TABLE 14.—DEPARTMENT OF DEFENSE PROCUREMENT

[In billions of dollars]

	Fiscal year—			
	1989	1990	1991	1992 (request)
Total DOD	79.70	81.29	64.29	63.40
Guard and Reserve	3.52	4.91	4.04	1.45

Table 15 shows the total procurement appropriation for fiscal year 1991 broken out by Reserve component. The total is further broken into its elements, namely the P–1R request, the DOD specific request for the Reserve components, and the Congressional adds, including funding for drug interdiction equipment.

TABLE 15.—FISCAL YEAR 1991 PROCUREMENT BY RESERVE COMPONENT

[In millions of dollars]

	P–1R	DOD	Congressional adds	Drug interdiction	Total
ARNG	633	133	663	16	1,445
USAR	293	61	10	4	268
USMCR	46	25	135	2	208
USNR	230	60	598	4	892
ANG	331	130	493	22	976
USAFR	91	46	109	4	250
Total	1,524	[1] 455	[1] 2,008	[2] 52	4,039

[1] The total fiscal year 1991 National Guard and Reserve Equipment Appropriation is $2,463 million.

[2] Congress subsequently specified $52 million of the $1,084 million fiscal year 1991 DOD Drug Interdiction and Counter-Drug account for the procurement of drug interdiction equipment for the Reserve components.

NATIONAL GUARD AND RESERVE FACILITIES

More than 33,000 Reserve component buildings at more than 5,400 locations in communities all across the country symbolize the importance of the Reserve forces to our national security. The physical condition and appearance of these structures are very important to the readiness of Reserve component units.

The Department places a high priority on the stewardship of these facilities. Approximately $683 million has been requested for fiscal year 1992 for Real Property Maintenance Activity accounts. This is essentially the same as the $675 million spent in fiscal year 1990 for this purpose. Almost 40 percent of the requested funding will pay utility bills and leases. The remaining 60 percent will be directed to facility maintenance, repair, and improvement. Reflecting the general shortage of Repair and Maintenance Activity funds and the substantially higher costs for heating, lighting, and other utility services, the fiscal year 1992 funding level will not permit a reduction in the backlog of maintenance and repair (BMAR). We project an increase of $186 million above the fiscal year 1989 BMAR level of $471 million.

Our fiscal year 1992/1993 Guard and Reserve Military Construction budget requests $281 million in fiscal year 1992 and $186 million in fiscal year 1993. The fiscal year 1992 request is consistent with the level of our fiscal year 1991 request. As part of the effort to make further reductions in the Department's budget, the Secretary of Defense has recommended to the President that only critically essential military construction be programmed for fiscal year 1993. Included in the fiscal year 1993 request is $137 million for minor new construction and facility repair which previously had been in the operation and maintenance account.

We still have an enormous Reserve military construction backlog. It is currently valued at more than $8 billion. Some of that may disappear as units which need construction leave the force structure. But, a substantial National Guard and Reserve construction budget will be required for the foreseeable future. While we would like to do more sooner, the $281 million which is requested for fiscal year 1992 and the pause in fiscal year 1993 reflect a prudent use of very limited defense dollars.

THE FIGHT AGAINST ILLEGAL DRUGS

Acting in Title 32 or "state" status and in accordance with plans submitted by the governors of all 54 states and territories, the National Guard performed over 5,000 counternarcotics missions in fiscal year 1990 and devoted almost 450,000 man-days to those missions. This was almost three times the total of the year before. Every day spent by National Guard personnel on counternarcotics duty was entirely voluntary.

National Guard personnel were assigned duties in fiscal year 1990 that conformed as nearly as possible to individual military occupational specialties. The duties included special training programs for law enforcement officers and National Guard personnel, aerial and ground transportation of law enforcement officers and contraband, and numerous radar and imagery missions unique to National Guard capabilities. Other support missions included inspection of commercial cargo at land border entry points, sea-ports and international airports. During three major operations in fiscal year 1990, National Guard personnel manned surveillance posts along the southwest border, provided ground and aerial surveillance of remote, clandestine airstrips, and provided important communications support. Various types of equipment were used in the operations, including tactical ground transport and cargo vehicles, communications equipment, tactical radar, night vision devices, Army National Guard (ARNG) rotary wing aircraft (UH–1, OH–6, OH–58, and UH–60) and ARNG fixed wing aircraft (OV–1D, C–7, C–12 and U–21). Air National Guard aircraft used included RF–4C reconnaissance, F–16, C–12 and C–130 transport, and KC–135 tanker aircraft.

With assistance from the National Guard, the United States Customs Service was able to inspect 14 percent of all containers arriving from source or transit countries, up from 4 percent prior to the introduction of National Guard support. The containers inspected from all countries in fiscal year 1990 included 2,938,923 full and 507,212 empty. Customs Service seizures for fiscal year 1990 (included in seizure totals above) were supported by approximately nine hundred and eighty-one Guard personnel from twenty-one states. The Customs Service has informed the Department that this support by the National Guard was "invaluable."

National Guard personnel also helped eradicate over 6.7 million marijuana plants in fiscal year 1990. They assisted law enforcement agencies in the seizures and confiscations shown in the chart. Included in the cash confiscated was one seizure on September 7, 1990 over $6 million which entered the country through the port at New York City. Counterdrug operations by the Kentucky National Guard, a state with one of the most aggressive eradication programs, resulted in the eradication of 550,000 marijuana plants and the arrest of 250 people in fiscal year 1990. Kentucky Guard personnel spent over 22,000 manhours in this effort.

The counternarcotics activities of the Federal Reserve forces have necessarily been limited by the restrictions of the Posse Comitatus Act of 1978 and a lack of authority for the appropriation of pay and allowances funding to the Reserve Forces. FY 1991 authorization and appropriations language resolved this issue. An increased use of Reserve forces is taking place this year. Reservists have made critical contributions to the efforts of the Commanders of Joint Task Force 4 (Key West, Florida), Joint Task Force 5 (Alameda, California), and Joint Task Force 6 (Fort Bliss, Texas) in their performance of their DOD mission. The support has involved and will continue to involve the use of Reserve forces as well as Active Component forces. The Marine Corps Reserve, for example, has provided training and equipment support to law enforcement agencies, including the U.S. Border Patrol and U.S. Customs Service. The Naval Air Reserve has flown surveillance sorties in support of drug enforcement efforts while Naval Reserve ships provide individual support. The Air Force Reserve provides support in the form of aerial transportation and surveillance on training flights. Coast Guard Reservists contribute directly by performing such duties as port security, surface interdiction, investigations, boardings, and surveillance.

FISCAL YEAR 1992–93 BUDGET REQUEST FOR THE RESERVE COMPONENTS

Table 16 summarizes the budget requests which have been submitted for the Reserve components for FY 1992/1993.

TABLE 16.—RESERVE COMPONENT BUDGET REQUESTS—FEB. 4, 1991 SUBMISSION

[In millions of dollars]

	Fiscal year—		
	1991 estimate	1992 budget	1992 budget
Army National Guard:			
Military personnel	3,466.9	3,201.7	3,038.6
Operation and maintenance	2,024.9	2,080.7	2,083.7
Military construction	313.2	50.4	54.1
Total	5,805.0	5,332.8	5,176.4
Army Reserve:			
Military personnel	2,368.7	2,192.8	2,076.1
Operation and maintenance	935.8	937.2	973. 1
Military construction	77.4	57.5	28.2
Total	3,381.9	3,187.5	3,077.4
Navy Reserve:			
Military personnel	1,648.3	1,648.6	1,601.5
Operation and maintenance	1,005.7	816.1	797.0

TABLE 16.—RESERVE COMPONENT BUDGET REQUESTS—FEB. 4, 1991 SUBMISSION—Continued

[In millions of dollars]

	Fiscal year—		
	1991 estimate	1992 budget	1992 budget
Military construction	80.3	20.9	26.4
Total	2,734.3	2,485.6	2,424.9
Marine Corps Reserve:			
Military personnel	337.4	326.9	329.8
Operation and maintenance	84.8	75.9	75.4
Total	422.2	402.8	405.2
Air National Guard:			
Military personnel	1,119.0	1,145.5	1,195.1
Operation and maintenance	2,272.0	2,287.8	2,700.9
Military construction	180.6	131.8	40.6
Total	3,571.6	3,565.1	3,936.6
Air Force Reserve:			
Military personnel	688.5	705.3	727.3
Operation and maintenance	1,086.0	1,075.4	1,232.5
Military construction	38.6	20.8	36.7
Total	1,813.1	1,801.5	1,996.5
Total all Reserve components:			
Military personnel	9,628.8	9,220.8	8,968.4
Operation and maintenance	7,409.2	7,273.1	7,862.6
Military construction	690.1	281.4	186.0
Total	17,728.1	16,775.3	17,017.0

CONCLUSION

The last eighteen months have been a remarkable period in the evolution of the Department of Defense Total Force Policy and of our nation's reliance on the Reserve components. Volunteer National Guardsmen and Reservists and those who have been called to active duty have engaged in armed conflicts in Southwest Asia and Panama. Over 223,000 Reservists responded to the nation's call to arms in Operations Desert Shield/Desert Storm. They performed vital combat and support missions with high motivation and professionalism.

We will be studying our experiences in this most recent conflict for some time. We cannot yet predict with certainty what effect the conflict will have, if any, on our ability to continue to recruit and retain the quality individuals who serve today in each of the Reserve components, but whatever the future holds, we are absolutely secure in our belief that the Reserve forces of the United States are, in fact, the best in the world.

STATEMENT OF GEN. JOHN B. CONAWAY

Mr. Chairman and members of the committee, I welcome the opportunity to again appear before you on behalf of the more than one-half million men and women of the Army and Air National Guard. It has been a privilege to represent these individuals in my capacity as Chief of the National Guard Bureau since February 1990.

When I assumed my present duties, I made known my vision of a National Guard that is recognized as the world's most effective Reserve force and is committed to its people and to quality service for state and nation. It is an organization of quality people, quality equipment, and quality systems capable of accomplishing all its peace and war-time missions. It is an organization that is eager and competent to meet the challenges of the emerging 21st Century.

With key Congressional support, the Total Force Policy drafted in the seventies came to fruition in the eighties, bringing the National Guard in line with its active component counterparts and giving the Guard the chance to prove its capability as a viable, credible, military force.

As the nation's oldest military component (1636), the National Guard has risen from an ill-clad, poorly-equipped militia to become a highly-trained, well-equipped Reserve military force with missions to both federal and state governments. Its dual commitment to both state and nation distinguishes the National Guard from all other services. In addition, the National Guard has matured and expanded its service to the nation to include a third mission, a community mission, best described as "adding value to America," which I will discuss further.

Although our state mission is an important part of our constitutional origins and institutional identity, the modern Guard's first mission is to provide our nation with an effective, reliable, credible military force capable of deterring aggression against our country and its allies. The most recent and illustrative example of the Guard's ability to bolster our national security posture is its performance in support to Operations Desert Shield and Desert Storm.

Last August, events in the Middle East required the rapid deployment of U.S. forces to the Persian Gulf to counter escalating threats to global peace, security and stability. Operation Desert Shield called thousands of Army and Air Guardmembers to perform missions critical to the quick movement of personnel and equipment into the Central Command theater. Within those crucial first hours of this largest military operation since the Vietnam War, more than 10,000 National Guard volunteers freely stepped forward, ready to assist their active duty counterparts in a variety of support and service support missions. Although only a little over one-third of the initial 10,000 volunteers were actually employed in those first critical days, the Guard's support was key to getting equipment and personnel into the Central Command theater.

On August 22, 1990, President Bush exercised his authority to call thousands of National Guard and Reserve members to federal active duty to augment U.S. forces in Operation Desert Shield. This historic call of the Guard occurred, ironically, as Americans across the nation paused to commemorate the 50th anniversary of the largest peacetime mobilization of Guard forces in history: the mobilization of Guard and Reserve forces prior to America's entry into the Second World War.

As of February 3, 1991, 383 Army Guard units consisting of 57,857 personnel and 81 Air Guard units involving more than 7973 people had been called to federal active duty to support Operation Desert Shield as of the preparation date of this statement. In addition, over 2500 individual Guardmembers have served on active duty in a volunteer status supporting ongoing operations in the Persian Gulf. An overwhelming majority of the units called are combat support or combat service support; however, many of the Air National Guard (ANG) units called are combat units. In fact, ANG F–16s participated in the first daylight bombing raids against Iraq and occupied Kuwait. There are also two Army National Guard (ARNG) field artillery brigades, the 196th from the Tennessee ARNG and the 142nd from the Arkansas ARNG serving in Saudi Arabia.

At the writing of this statement, three major combat units, roundout brigades to active Army divisions, are currently on federal active duty training here in the United States. Soldiers from the 48th Infantry Brigade, Georgia Army National Guard, the 155th Armor Brigade, Mississippi Army National Guard, and the 256th Infantry Brigade, Louisiana Army National Guard, are demonstrating their capabilities while training at the National Training Center (NTC), Fort Irwin, California, and Fort Hood, Texas. Their performance further confirms their suitability and readiness for the mission should they be tasked.

Operation Desert Storm has fortuitously provided an excellent measurement of the credibility of the Total Force policy. To the extent it has been tested, in my view, the Total Force Policy has worked. Yet, if we are to look beyond Desert Storm, critical decisions have yet to be made concerning what the most viable, cost-effective force mix in the post Cold War era will be. Continuous, often unpredictable geopolitical change, coupled with the ever-present reality of limited resources, promises great uncertainty for the U.S. military in the coming years. Our military and national leaders today are challenged by numerous concerns, but none more demanding than to achieve more with less while, at the same time, providing a credible deterrent posture in an era of constrained resources.

In positioning our force for the nineties, I have outlined what I see as some of the key issues facing our National Guard in an emerging era of fiscal constraint and political uncertainty. These issues were of key importance when drafting ten specific goals I often refer to as the "blueprint" from which we will build an even more capable Guard in the 21st Century. Those goals are:

1. The Highest State of Readiness Commensurate With War-time Tasking.
2. Equal Opportunities for Career Development.

3. An Increased Role in Counter-Narcotics Operations.
4. Effective Response to Natural and Man-made State Emergencies.
5. A Cleaner Environment.
6. Strong Community Support for The National Guard.
7. Employers in Partnership With The National Guard.
8. Improved Quality of Life for National Guard Families.
9. Effective Management of All Resources.
10. Institutionalize Total Quality Management (TQM) Within The National Guard.

READINESS

Readiness, of course, must continue to be the overarching goal for everything we do in the National Guard. Operational readiness can only be achieved and maintained through quality equipped, trained, and motivated forces led by quality leaders. An important ingredient to sustaining force readiness in the nineties will be the increased emphasis on tough, realistic training in environments that task the individual Guardmember's ability to perform under the most challenging of circumstances.

While the Directors of the Army and Air Guard will provide you more specific details on their respective readiness, training and equipment programs, I am pleased to offer you some significant major highlights.

During fiscal year 1990 (FY90), in the Army National Guard, 84 percent of new and existing units report an overall ready status to perform their wartime mission. This excludes those units undergoing Headquarters, Department of the Army, directed reorganizations. For the Air Guard, over 99 percent of our units are mission capable. These are extraordinary readiness levels which represent great value to America as partners in the Total Force.

Thanks to the continued support of Congress, the Status of Resources and Training Systems (SORTS) report indicated that in July 1990, the Army Guard attained the highest levels (91.4 percent) ever in equipment on hand (EOH) readiness of reportable equipment in reporting units. Due to efforts to increase on hand equipment levels of units supporting Operations Desert Shield/Desert Storm, the EOH posture of the ARNG fell to 85.5 percent as of January 1991.

Both the Army and Air Guard met their end strength levels for fiscal year 1990 and posted retention rates of 82 percent and 90 percent respectively, topping all other Reserve Components. Our people are staying because they are trained effectively with good equipment. They are recognized for their service and have confidence in their leaders. Providing essential full-time manning to ensure early deploying units have 100 percent of requirements is a must. The Full-Time Support (FTS) program remains a key ingredient to our excellent readiness and performance rates. Our successful performance is due in part to the fact that over 75 percent of our officers and nearly 50 percent of our enlisted personnel have prior service with an active component, and meet the active component education standards.

Our greatest challenge in the history of the All-Volunteer Force will come after Operation Desert Storm when we reform and reconstitute our Army and Air National Guard. Since this will be a first for all of us, we are planning to restore our force to the Congressionally directed levels as quickly as possible. The current package of benefits such as the Montgomery GI Bill, enlistment and reenlistment bonuses, affiliation bonus, student loan repayment programs, and the VA home loan guarantee program will be needed and may have to be expanded to meet the military requirements.

Throughout all training programs, safety is an important concern. fiscal year 1990 was a record year for our safety programs. The Army Guard had no Class A accident in its aviation program while flying 437,690 hours.' The Air Guard had the lowest Class "A" rate in our history, 1.38 per 100,000 flying hours.

The increased responsibility which came with the Total Force Policy demanded that Guardsmen be well versed in joint-military operations and doctrine, trained in peacetime to standards set by the active components, to use the equipment provided and taught to sustain the force in unfamiliar and often hostile environments.

Training must be realistic. As recent world events have shown, Guardsmen must be trained in peacetime in those places they could one day be called to fight and at the level of organization at which they will be employed.

In view of this, the value of Army and Air Guard participation in varied locations, both here at home and overseas, contributes significantly to our ability to achieve wartime objectives. An important contributor to our readiness gains in the eighties was the continued focus on overseas deployment training. Overseas deployment training has enabled the Guard to visibly demonstrate its ability as a credible military force capable of deploying and bolstering our national security posture anywhere in the world.

Over the past decade, it was customary to find Army and Air Guardmembers training throughout the world, in virtually every theater of U.S. military operations. In 1990, over 34,000 Army and Air Guardmembers trained in 32 countries throughout Europe, Asia, the Caribbean, Central and South America and the Middle East.

Our past participation in such large-scale joint-training exercises like REFORGER in Germany, Blazing Trails in Central America, or Team Spirit in Korea, coupled with the Guard's proven performance in real-world military operations like Grenada, Libya, Operation Just Cause in Panama, or most recently, in Operation Desert Storm, illustrates that when given the resources and the opportunity to serve, the Guard can accomplish the mission.

In light of the new realities in Eastern Europe, our military faces a massive restructuring to better meet the unique and uncertain challenges that lie ahead. New missions and new roles for the Guard could emerge. As our national and military leaders currently reexamine certain aspects of the force-mix question it is plausible that more missions will be shifted to Guard and Reserve units if this proves more cost effective. This "burdenshifting" of missions from active to the Guard and Reserve is already under review. Congress has directed that the Department of Defense look at how missions in Europe, for example, might be transferred to Guard and Reserve units.

Language in the fiscal year 1991 House Appropriations Committee Conference Report called for the Joint Chiefs of Staff (JCS) to provide a plan to the Committee by June 1, 1991 for either replacing or providing services in support of permanently deployed active Air Force and Army personnel and units in Europe with rotating Reserve Component units. The concept has been successfully proven by our Army's Aviation Classification Repair Activity Depot (AVCRAD) facility in Brussels, Belgium, and Equipment Maintenance Center (EMC) located in Kaiserslautern, Germany.

It is possible that specific Committees of the 102nd Congress will also look at the issue "burdenshifting" or transferring more missions to Guard and Reserve forces within the North Atlantic Treaty Organization (NATO) and elsewhere. A few examples of types of missions to be considered are: transportation, medical, civil engineering, aerial port, air defense and airlift.

At this juncture, how Congress may respond to the Total Force Policy Study is uncertain. But what we do know is that in any force of the future, the National Guard will continue providing the American people a cost-effective, tested, capable force which has proven it can respond quickly and effectively in times of natural disaster or national emergency. I am proud to state that readiness in the Army and Air National Guard has never been better, and our goal is to keep it that way. I must point out, however, that any restructuring of the force will affect virtually every state and territory and we must continue to plan the restructuring in relation to the desired state of readiness. I thank the Congress for its support in providing us the personnel, equipment, and training which contribute so significantly to our readiness status.

EQUAL OPPORTUNITIES

Each man and woman must have equal opportunity for entry into the National Guard. Once a member, each National Guard soldier and airman must have equal opportunity to plan and develop a productive and personally rewarding military career. To accomplish their goals, the National Guard made dramatic progress during the 1970s and 1980s in accessing minority and female members equal to the general population. However, in the 1990s, we plan to achieve greater "in force" equality in grade distribution, particularly at the senior grade level. Also, the ARNG has established an Equal Employment Opportunity (EEO) Task Force that will produce an EEO Implementation Plan by the end of fiscal year 1991. The ANG has already developed a comprehensive statistical analysis program to provide equal opportunity guidelines for entry and career progression in all grade and career fields.

COUNTER-NARCOTICS PROGRAMS

My goal is to expand National Guard support of local, state, and federal law enforcement agencies in the interdiction and eradication of illegal drugs. I would like to point out that the National Guard, in 1977, was the first military component to seize the opportunity to become involved in this effort. You should know that the National Guard was able, through the efficient use of resources, to increase the number of mandays/workdays devoted to drug interdiction and counter-drug activities during fiscal year 1990 to 532,000. In addition, significant operational support was provided incidental to scheduled training. National Guard volunteer personnel performed over 5,000 counter-drug missions in fiscal year 1990, and they were assigned duties that conformed as nearly as possible to their individual military occupational specialties. Duties included special training programs, aerial and ground reconnaissance, surveillance and transportation of law enforcement officers and contraband and support of arrest operations. Other support missions included conducting commercial cargo inspections at land, sea and aerial ports of entry, and eradication of marijuana plants. Already, at the end of the 1st Quarter, fiscal year 1991, the Guard has assisted law enforcement agencies in seizures of cocaine, heroin, marijuana, vehicles, weapons and cash with a total street value of $3.5 billion. This has been accomplished with an average of more than 2,000 daily volunteer Guardsmen and less than one-third the total Department of Defense (DOD) drug war budget.

Yet we recognize that in order to succeed in winning the war on drugs, we must attack it on two fronts: first, by limiting supply through broadened federal support to local and state drug interdiction and eradication efforts, as well as increased assistance to law enforcement agencies; and second, by diminishing demand through increased education, prevention and counseling. I am pleased to report that several states have begun instituting some innovative programs to begin tackling the drug problem from the demand side by working within the community to educate youth about the dangers of illegal drug use. Another innovative idea initiated by the Guard includes youth cadet programs in which several states, using National Guard (NG) volunteers as directors, emphasize the importance for our youth to remain drug-free. Other states opened their armories to community organizations for everything from coordination meeting places to recreation activity centers, ensuring armories remain "drug-free zones", and providing alternative activities for youth to keep them off the streets. Internally, states have increased random urinalysis testing, stressing to NG members the importance of being drug-free role models in the community. Also, we have expanded the Family Support Program to reinforce drug abstention among soldiers and airmen, their friends, and their families. Effective use of the local media through public service announcements is another way several state Guard units have helped spread the message about the dangers of alcohol and drug use. Several states, such as Georgia and Maine, use video tapes and posters to spread the message. Furthermore, many states assigned Drug Prevention and Demand Reduction Program (DP&DRP) Coordinators and established Speaker Bureaus to educate our Guardmembers and be actively involved in existing drug prevention and demand reduction efforts. In conclusion, the National Guard is industrious and innovative in answering the call to wage war against drugs in America through the Drug Prevention and Demand Reduction Program.

We are also working closely with other federal agencies to increase understanding and facilitate coordination between the many different agencies supporting the President's National Drug Control Strategy.

In September 1990, we kicked off the first Inter-agency Counternarcotics Manager's Course located at Camp San Luis Obispo, California. This first-of-its-kind initiative brings together representatives from a wide range of law enforcement and governmental agencies for a one week course focusing on intergovernmental counter-drug operations, coordination, liaison, and development of mid-to-upper-level managers for counter-drug operations.

We expect that drug use in America will continue to dominate the American agenda well into the next century. The Guard will continue serving on the front lines of this battle, as we have for over a decade. We appreciate your continued support and hope you'll agree that our program results provide a significant return on resources committed.

STATE MISSIONS

State and community service are important commitments Guardsmen make when taking the dual oath to protect and preserve both state and nation. On any given day, National Guard men and women can be found throughout the community, working hand in hand with their neighbors in order to strengthen and unite those who must often overcome insurmountable odds. 1989–1990 will go down in history as record years in terms of disaster. Whether responding to natural disasters like Hurricane Hugo or the California earthquake, or tragedies like the Sioux City DC–10 airline crash or the crippling Alaskan Oil Spill,Guardsmen responded swiftly and effectively, often in the face of great danger.

In fiscal year 1990, more than 22,000 Army and Air National Guard personnel from 49 states and territories expended more than 207,000 workdays responding to 77 natural disasters, six civil disorders, and 209 other domestic emergencies. The

Guard participated in evacuation, security, and recovery missions following tornadoes, floods, hurricanes, earthquakes, snowstorms, and other natural disasters; and provided humanitarian assistance such as conducting search and rescue operations; evacuating critically ill or injured persons; supplying emergency power, communications, and potable water to stricken communities; providing emergency shelter and temporary housing for the homeless; providing security assistance; and supporting ground and airborne fire fighting operations. The citizen-soldiers of the National Guard stand ready to continue this proud tradition into the 1990s and the 21st Century.

The temporary expansion of the scope of law enforcement leave for federal and District of Columbia employees to encompass such activities as fire fighting and other duty to protect or save life or property or prevent injury, included in the fiscal year 1991 Defense Appropriations Act, provides needed relief for these Guardmembers from loss of pay or leave when they perform these important functions. We support enactment of this temporary measure into permanent law if personnel are required to use military leave for these functions.

Often overlooked is the value of state mission service to the enhancement of federal mission capability. The skill training, discipline, coordination and cohesion demonstrated during performance of state missions directly contributes to the Guard's wartime mission capability. The past era of 48 unit training assemblies (drill periods) per year and 2 weeks "in the summer" have been largely overtaken by expanded state and federal missions requirements resulting in a better trained, highly motivated, fully capable National Guard.

ENVIRONMENT

Present and future damage to the environment has been identified in many public opinion polls as a prime issue facing the United States in the 21st Century. As responsible and caring partners of the national community, the Guard will aggressively pursue the goal of a cleaner, safer environment for all management aspects of the employer. Its importance was noted in Operation Just Cause, but Operation Desert Storm has added new emphasis to this relationship.

In fiscal year 1991, the ANG Contingency Support Staff (CSS) and ARNG mobilization personnel worked to provide as much advance notification as possible within security guidelines to units prior to Operation Desert Shield activation. This early notification helped traditional Guardsmen and employers plan for work interruptions. Additionally, the ANG CSS provided guidance to units regarding an individual's participation in a volunteer status to avoid conflict with employers. Also, employers have supported employee absences from two to five months for school training for individuals requiring trainup in ARNG Apache helicopter battalions as well as for Operations Just Cause and Desert Storm. Employer recognition awards are an important element in maintaining an effective Guard-Employer relationship and two-way communication is the key.

QUALITY OF LIFE

Operation Desert Storm has resulted in strong family and community support for Guardmembers and their families.

Through the office of the State Family Assistance Coordinator in each of the Guard's 54 states, territories and District of Columbia, and together with many volunteers, the National Guard's family assistance program has been an unqualified success. Although principally developed by the Guard to support families of mobilized Guardmembers, it has provided a wide range of family assistance to family members of all Reserve and some active component members, over 80,000 in all. While financial, medical and legal assistance and information are provided, referrals and coordination is also made with other community support organizations and activities. The Guard is proud to provide this invaluable service to America.

To improve the quality of life, the ARNG is proposing to reduce civilian health costs to the lowest possible levels commensurate with acceptable standards of care. The ARNG also plans to achieve an 80 percent participation rate in the ARNG Communities of Excellence program. The ARNG has exempted Family Day meals from any surcharges. The ANG uses every Safety Office to promote off-the-job safety as well as on duty. Seatbelt use, motorcycle training and designated driver campaigns are some examples of efforts to prevent mishaps and improve quality of life.

Finally, we want to express our appreciation for your help in expanding the accessibility of commissary, post exchange, and morale, welfare and recreation facilities to current and retired members of the Guard. These initiatives provide a tangible expression of service parity to Guardmembers while enhancing quality of life for their families.

RESOURCE MANAGEMENT

During the 90s we have optimized the use of National Guard resources through comprehensive planning and analysis linked to programming. During the 1980s, our planners focused their energies on supporting the Army and Air Force near and mid-term program objectives. For the 1990s, our planning focus is more strategic in nature. Joint National Guard long-range planning provides our planners a mechanism to support national security objectives in the near, mid, and long-term. Our long-range planning efforts are the link between today's programs and our future. These efforts have resulted in a strategic vision of where we want to be, have fostered innovation in our people, and have supported creativity. Because we have recognized the need for long-range planning guidance to ensure success in the management of all our resources, the first Chief, National Guard Bureau Planning Guidance Memorandum will be published in fiscal year 1991. This document is needed because of the changing world and domestic political, economic and demographic scene; the changing military focus caused by U. S. fiscal constraints, a changing threat, and emergence of a new world order; and a recognized need to keep the National Guard forward thinking and adaptable. This memorandum will include a view of the current state of the National Guard, looking out to the year 2010; my ten goals and how they relate to our missions; and prioritize the basis for establishing strategies and alternatives for achieving National Guard objectives. At this time, both the Army and Air Guard have completed and issued their Long Range Planning Guidance. The ARNG plans to implement the Planning, Programming, Budgeting and Execution System process in all of the states and territories to increase the linkage between planning and programming through the Force Structure Support System as part of its long range plan. The ARNG plans to maintain a budget Americans. We have taken our first steps in order to accomplish this goal, through mandating strict compliance with state and federal laws, to include the National Environmental Protection Act (NEPA). I have stated publicly that the National Guard of the nineties will pursue the goal of a cleaner environment by identifying and correcting damage resulting from past practices and by establishing preventive procedures and programs to offset future environmental problems.

In FY90, the Guard conducted its first in a series of Executive Environmental Leadership Seminars. Over 600 Army and Air Guard Senior Commanders have attended these seminars. From this leadership, we established a national level Environmental Advisory Council. Over $1 million was obligated for Environmental Assessment/Environmental Impact Statement work associated with 19 aircraft conversions, 10 Special Use Airspace actions, and several real estate investigations. $1.2 million was issued to ANG units for Hazardous Waste Disposal and Analysis costs. A new Airspace Management Branch was developed to provide long-range airspace planning and to work related environmental issues. The Installation Restoration Program (IRP) obligated $16 million for survey and clean-up of past practices waste sites. In FY91, plans are to continue design of Underground Storage Tank (UST) removal projects, priority replacement of tanks found to be leaking, removal of tanks not required, and continue replacement of all single walled USTs with double walled tanks. A centrally managed contract will be used to develop Spill Prevention and Response Plans at ten bases. There will be a two-day seminar to present environmental issues to Base Civil Engineer and Deputy Chiefs of Support Services and an environmental session will be developed for our annual Commanders Conference. The ANG supported the Alaska oil spill clean-up in 1990 by providing over 20 light weight decontamination systems. ANG units have received training regarding the recognition and reporting of hazardous materials, especially asbestos materials. The ARNG assured environmental documentation accompanied completed construction justification documents and conducted a quarterly review of appropriate ARNG proposals and plans to ensure compliance with applicable environmental laws and regulations. The ARNG has established an ARNG Environmental Resources Management Office and is planning to establish one regional office by the end of FY91. The ARNG has procured funding for state-of-the-art aircraft paint removal systems to be located at four sites. Total environmental/cost savings per year is over one million dollars.

It is my vision that the National Guard will build an environmental ethic into everything it does. But we also recognize that it will take time, money, and commitment to preserve this most precious resource to our nation, and to our world.

COMMUNITY SUPPORT

Operation Desert Storm has generated strong community support for Guardsmen and their families as many of our members were called to federal service and left a concerned community network of family and friends.

We recognize a need to increase the public's knowledge and support of the purpose, goals, missions, and capabilities of their National Guard through increased emphasis on Public Affairs. This goal is very important as, without strong community support, the National Guard would lose much of its effectiveness. The Guard is a part of, and contributes much to, the communities in which we serve. This is where the citizen-soldiers and airmen live and work and many opportunities arise to give substance to the idea of "adding value to America". During ANG Installations Management negotiations in 1990, many of the local representatives were enlightened as to what the ANG is all about when the ANG is based on municipal or international airports. Many local civic actions projects were accomplished by Engineering and Services units to enhance public support. Each state has a Public Affairs Officer who shares knowledge of the Guard with local authorities and the concerned public.We will continue to encourage public awareness of the significant role the Guard plays in the community, state, and nation.

EMPLOYERS IN PARTNERSHIP WITH THE NATIONAL GUARD

This "full-partner" relationship provides stability and continuity between the dual roles of citizen-soldiers and airmen, and enhances retention. The importance of this relationship must not be underestimated. It is imperative for the job security of our Guard members as well as the operation and execution rate that ensures all activities and resources are directed toward achieving the highest state of mobilization readiness. For FY90, the ANG established a new Directorate of Personnel Field Activities Branch and began a refinement effort in the areas of planning and programming by linking the planning effort to programming in the execution of the myriad of military personnel programs at our 92 ANG Consolidated Base Personnel Offices. With the help of Congress and the Department of Defense, we were able to start the upgrade of our F–15A/B fleet through the Multi-Staged-Improvement Program (MSIP). It is hoped MSIP will continue in the future. This year, the ANG will field a self protection capability for our RF–4 reconnaissance aircraft. Off-the-shelf technologies and capabilities have come to us through Congressionally added funds for the improvement of defensive systems for our F–16 fleet; hopefully, these upgrades will continue. A massive internal redistribution of equipment assets among Air National Guard units was completed in 1990; the value of re-utilized equipment is between $20 and $30 million. Implementation of the DOD Inventory Reduction Plan (IRP) was started in mid-1990. By the end of 1990, the ANG was able to reduce spares levels resulting in a cost avoidance of $35 million. During the 90s, throughout the National Guard "working smarter" initiatives will continue to be emphasized.

TOTAL QUALITY MANAGEMENT [TQM]

TQM highlights teamwork and team structure. Teamwork aligns personal and organizational goals, objectives, and thought. Team activities build communication and cooperation, stimulate creative thinking, and provide an infrastructure for improving all National Guard processes. TQM also focuses on doing things right the first time—an effort that increases unit effectiveness and stop the waste of resources. During the 1970s and 1980s, America's management focus was on the "bottom line," on up-front costs per unit of production. The emphasis was on productivity. For the 1990s and beyond, the National Guard is dedicated to the concept and philosophy of quality—quality in the way we think, in the way we act, and in what we expect of each other. We have subscribed to Total Quality Management (TQM), which uses qualitative methods to continuously improve an organization's processes. To institutionalize TQM within the National Guard requires a strong foundation of TQM philosophy and concepts. To accomplish this, NGB has developed a NGB TQM Master Plan, and has conducted TQM Awareness Education for all Senior Executives including NGB military and civilian leadership. Four specific Quality Improvements Boards have been established—Education and Training; Command, Control, and Communications; Drug Demand Reduction; and the Environmental Quality Board. These Boards use TQM methodologies to identify critical processes and analyze specific actions. Results are evident. Increased visibility of TQM processes is planned for the future. I am convinced the teamwork approach will pay big dividends.

ADDING VALUE TO AMERICA

Through their dual status as both citizens and as members of the U.S. Armed Forces, Guardsman are giving back to the nation, adding value to America in a number of tangible and meaningful ways.

Located in more than 3,000 communities across the United States, the Guard represents a unique and diverse cross-section of America. And it is that diversity of experience which will be the Guard's greatest strength in preparing for the uncertainties of tomorrow.

Guardmembers pride themselves on sharing a unique partnership in the community—they are the nation's educators, legislators, administrators, medics, students, tradesmen and laborers, each contributing to the economic growth and strength of the nation. In many ways, this unique partnership presents what I see as a "third mission" for the Guard of the nineties, adding value to America through extended service to the community, both within the United States and with our neighbors overseas, particularly third world countries.

Through our Counter-Narcotics Programs, Environmental Initiatives, Equal Opportunity efforts and programs to improve Quality of Life for Guard families, we will continue our efforts of extended service to the communities of America. Likewise, we also anticipate that increased international assistance programs such as engineering activities and medical support will be performed by the Guard throughout the 90s. These international initiatives will continue to enrich the lives of the peoples and countries served as well as the lives of the performing Guardmembers.

In summary, I have tried to present the many accomplishments of the National Guard as well as our plans for improvement in the future. We believe our goals will greatly assist our efforts. We are well aware of our missions, federal, state, and our extended focus to community level, and are always conscious of the faith and trust placed in us by the Congress and our nation. I know I speak for each member of the Army and Air National Guard in thanking each of you for your past support, and we are grateful for your assistance in making our National Guard, "Americans at their best", able to "add value to America."

STATEMENT OF MAJ. GEN. DONALD BURDICK

Mr. Chairman, and distinguished members of the Committee, I am honored to appear today to represent the Army National Guard as you review our FY92/1993 budget request. I am pleased to report that the Army National Guard (ARNG) is manned with high quality soldiers, trained and equipped to the highest readiness levels in its 355 year history and modernized to a greater extent than ever before. Our FY92/93 budget submission is tailored to support an ARNG end strength of 410,900 for FY92 and meets the minimum essential requirements to support assigned missions.

I would like to make special mention of the approximately 62,000 Army Guard soldiers who were called to support Operation Desert Shield/Storm. These men and women, from 395 ready units in 48 states, the District of Columbia, Guam and Puerto Rico, left families, friends and civilian jobs to serve as citizen-soldiers when needed by their country. I am proud to report that these Guard soldiers performed their duties in an outstanding manner.

The readiness of today's ARNG is directly related to the Total Force Policy and the resources provided by Congress. Let me highlight some of the areas where this support has enabled us to achieve success.

On 30 September 1989, the ARNG end strength reached an all time high of 456,960. However, during 1990 the ARNG was directed by Headquarters Department of the Army (HQDA) to reduce end strength to 447,300. The Army Guard ended FY90 with an end strength of 444,224. The composition of this force included 24% (106,921) minorities. At the close of FY90 there were 3,076 Black officers, 68,258 Black enlisted soldiers and 31,465 women in the ARNG.

With implementation of the Total Force Policy, the ARNG has become an important part of the Total Army's war fighting capability with the number of early deploying units now standing at 325. As an integral part of the Total Force, the ARNG provides 44% of the combat units, 31% of the Combat Support, and 25% of the Combat Service Support units of the Total Army. This includes 36, of the Army's combat divisions (10 out of 28) 26% of the Air Defense Battalions; 51% of the Field Artillery Battalions; 33% of the Aviation units; 41% of the Engineer Battalions and 25% of the Special Forces Groups.

Currently, 85% of ARNG units report an overall "Combat Ready" status. Excluded are those units undergoing HQDA directed reorganizations. This is an overall improvement of 6% during the past fiscal year. Overall readiness in the ARNG should be further enhanced as we strive to meet HQDA's requirement to restructure the force. These reductions will leave states with a force structure that will be recruitable and sustainable.

High priority units are being equipped with modern equipment such as M–1 Abrams" tanks, Bradley Fighting Vehicles and Multiple Launch Rocket Systems, UH–60s "Blackhawk," AH–64s "Apache," Heavy Expanded Mobility Tactical Trucks (HEMTT) and the M–916 truck tractor.

Training opportunities have been greatly expanded to include the use of local, regional, national and joint training areas and centers. Two ARNG combat brigades federalized to support Operation Desert Storm, as well as twenty individual companies employed as the opposing forces, will rotate through the National Training Center this fiscal year. The ARNG will also send one battalion through the Joint Regional Training Center in FY91 and two battalions in FY92. During FY91 and FY92 Army Guard units will participate in 16 Joint Chiefs of Staff exercises alongside elements of the Army, Navy, Air Force and Marines.

High technology has reduced the need for large troop and equipment intensive exercises. These technologies include the Battle Command Training Program for Reserve Component (BCTP–RC) and aircraft flight simulators. The BCTP is a command post exercise developed to fulfill the training needs of Corps and Division commanders and their staffs without the need for an entire Division participating in field exercises. In FY92 five ARNG Divisions will participate in BCTP–RC at Fort Leavenworth, Kansas. Fielding will be complete this fiscal year for the Vulcan/Stinger troop proficiency training (VSTPT) which will allow Vulcan and Stinger teams to conduct gunner proficiency inside armories or at local training areas. The fielding of Simulation Networking (SIMNET) and the Aviation Combined Arms Tactical Trainer (AVCATT) will provide battalion level combined Arms Training against an interactive threat. At the unit level the Squad Engagement Systems (SETS) prototype currently being evaluated will provide marksmanship training as well as infantry squad collective training on fire control, fire distribution, and junior leader training in an Armory environment.

Worldwide training opportunities have enhanced combat readiness of Army Guard soldiers, leaders and units. During FY91 over 25,500 Guardsmen and women from 53 States and Territories will participate in Overseas Deployment Training (ODT) Approximately 33,000 soldiers are programmed for ODT training in FY92. Additional training opportunities have been made available for overseas training in the area of aviation and ground maintenance. During FY91, the states of California, Connecticut and Missouri will send a combined total of 340 individuals to the Aviation Classification and Repair Activity Depot in Brussels, Belgium. The Equipment Maintenance Center, colocated with the General Support Center in Kaiserslautern, Germany, is scheduled to train 1,586 soldiers from 10 units on vehicle maintenance during this same period. Both facilities will provide "hands-on maintenance" of equipment fielded to US Army units in Europe.

The ARNG continued to increase its support to civil authorities during State emergencies and counter-drugs operations. Army Guard units provided support to 52 States and Territories during 249 separate emergencies including both civil disturbance and recovery operations following the earthquake in northern California, Hurricane Hugo in the southeastern United States and the Virgin Islands, floods, tornadoes and other natural disasters. Support provided to State and Federal Agencies in counter-drug operations resulted in the eradication of 6,730,064 marijuana plants, confiscation of 18,314,373, 33,916 pounds of cocaine, 27,021 pounds of processed marijuana, 486.6 pounds of heroin, 466 vehicles, 614 weapons and 63,480 rounds of ammunition.

I would like to point out that all these achievements and opportunities to improve readiness are consistent with the Army National Guard's two distinctly different missions. The first mission is to provide properly trained and equipped units available for prompt mobilization in the event of a national emergency or war. The second mission is to provide support to civil authorities during emergencies such as natural disaster, civil disorder and, most recently, counter-drug activity.

The Army National Guard must now prepare to move forward into an uncertain future. Three major forces work to increase that uncertainty: the build down of Active and Reserve Component forces; the continued reduction in available resources to support national defense; and the ambiguous and changing nature of threats to national security. Each of these forces may potentially impact on the Army Guard's readiness and our future missions as an integral part of the Total Force.

To insure that these forces work to improve the posture of the ARNG, the ARNG has developed a strategic long-range planning system that can, if supported, enable the ARNG to continue to participate across the spectrum of missions and conflicts. This spectrum spans missions as diverse as sustained contingencies in remote parts of the globe to environmental conservation and counter-drug. The key to our success is the continued support of the Army and Congress to resource modernization, training, quality personnel recruitment and retention and full-time support.

Let me cover some of these areas in more detail. As I have mentioned the Army Guard is receiving modern equipment at an ever increasing pace. As a result our equipment inventory has increased to over $29 billion at the end of FY90. Receipt of equipment from programed Army procurement and Congressionally dedicated procurement appropriations have improved the ARNG posture to an all time high. We now have 74% of the peacetime requirements for equipment on hand. Despite these gains there is a shortfall of $10.5 billion in equipment with critical shortages in combat support equipment. These critical shortages include tactical vehicles, tactical radios and test measuring and diagnostic equipment.

Modernization also includes our ability to provide facilities and ranges in support of training and maintenance. The ARNG currently has 71 major training areas which support training. The FY92 budget request of $50 million for 25 projects addresses only the most critical construction needs. These funds will be used for Equipment Maintenance Shops to support new combat vehicles, ranges and training site facilities, maintenance hangars for the AH-64 and UH-60 aircraft and armories for new units. This will leave a backlog of $3.1 billion in construction that will be required for 455 new or replacement armories, 186 vehicle maintenance shops, 57 aircraft maintenance and operations facilities, 189 troop support complexes at training sites, 99 ranges and 133 other support facilities.

To maintain readiness, training is required at the individual soldier, leader and unit level. It is my objective to attain and maintain 85% Duty Military Occupational Specialty qualification for Army Guard Soldiers for FY92 and beyond. To maintain these skills the ARNG has developed special training programs and training centers. The Key Personnel Upgrade Program deploys individual soldiers to work with Active Component units within their CAPSTONE alignment. In FY92, over 5,500 ARNG soldiers will train under this program in 34 countries and the Continental United States at a total of 92 locations.

Specialized training is provided at Regional Training Site-Maintenance (RTS–Maint) Regional Training Site Medical (RTS–Med) locations, the New Jersey High Technology Training Center (NJHTTC) and a fourth type, the Maintenance Unit Training Site (MUTS) is in the planning stage. There are 13 ARNG RTS–Maint sites providing individual transitional level training and training on force modernization equipment, and sustainment training for designated military occupational specialties. The RTS–Med sites provide medical units with new equipment and sustainment training on modernized medical equipment such as the Deployable Medical Systems (DEPMEDS) During Operation Desert Storm five active component units and one contractor were provided training at these locations before deployment to Southwest Asia. Additionally, a total of eight ARNG DEPMEDS equipped hospital units were deployed in support of Operation Desert Storm. The NJHTTC located at Ft. Dix, New Jersey specializes in providing a training environment that conducts individual, small unit, and battle staff training using simulations, training devices and equipment to enhance proficiency in modern weapons systems and Airland Battle doctrine. The planned Maintenance Unit Training Site will provide an environment where maintenance units can train on collective skills needed upon mobilization.

To support training requirements the ARNG must effectively manage our training environment in compliance with Federal, State, and Local environmental laws and regulations. The $44 million dollars programmed for FY92 will allow the ARNG to focus only on underground fuel storage tanks, hazardous waste disposal, waste water discharge and meet the basic compliance requirements of the National Environmental Policy Act. We are pursuing an active role in protecting our national resource heritage while maintaining an aggressive and realistic training environment. To this end, we have funded for State environmentalists to monitor compliance at state owned mobilization sites at Camp Ripley, Minnesota, Camp Grayling, Michigan, and Camp Shelby, Mississippi.

The professionalism and dedication given to improving readiness with realistic, demanding and safe training is reflected by the best safety record ever in FY90. Our Aviation safety program reached a milestone with zero Class A accidents while ground accidents declined 38% from FY89. This achievement provided a cost avoidance of $7 million between FY89 and FY90.

Programmed future force structure and end strength reduction will present new challenges for the ARNG. The Full-Time Recruiting Force must continue to recruit soldiers on the basis of critical Military Occupational Specialties and key unit vacancies. Our In-Service Recruiting Program, in conjunction with the Active Component reduction in force, will transition soldiers who will bring excellent active component experience and knowledge into the ARNG. During FY92, we will continue to access approximately 50% of our new members as non-prior service and 50% from prior service members into the ARNG.

To contribute to the readiness and retention of Army Guard soldiers, the National Guard has established a National Guard Family Program. This program provides infrastructure to support a partnership between the family and the ARNG. The use of family program member volunteers were key in the establishment of family support groups during Operation Desert Shield/Storm.

The Full-Time Support (FTS) program provides a valuable asset in maintaining the readiness of ARNG units and their equipment. These personnel are the backbone for organization, administration, maintenance of equipment, recruiting and retention, instructing and training in the Army National Guard. The program for FY91 encompasses primarily 26,199 ARNG Active Guard/Reserve soldiers and 28,457 Military Technicians. The FTS program is faced with several challenges in the near future. Congressional language for FY91 directs implementation of the first phase of a program to replace a third of our AGR positions with Active Component soldiers in FY92. In addition, programed reductions in end strength due to budget constraints will cause a reduction of 2,858 AGR and 1,319 Military Technician positions from FY91 levels. This reduction in Military Technicians will severely limit our ability to perform to expected standards for increased work load demands as force structure changes and force modernization intensifies maintenance and logistical requirements. The reduction in AGR positions will impact on the ability to maintain training maintenance and administrative readiness at the unit level.

To sustain readiness, the ARNG must continue to maintain a minimum level of Organizational Clothing and Equipment (OCE) and repair parts. We are currently engaged in efforts to upgrade OCE to include Extended Cold Weather Clothing, Individual Multi-Purpose Shelters, Multi-Purpose rain/snow Combat Overboots, and a Extreme Cold Weather Sleep System. These items are needed to improve survivability for the individual soldier on the modern battlefield. However, due to funding constraints fielding has been restricted to early deploying units causing the OCE backlog to increase to $338.4 million in FY92.

ARNG equipment readiness for most items of equipment will continue to meet or exceed HQDA material readiness goals. Funding profiles ensure that the minimum amount of repair parts are available to support day-to-day maintenance. However, as the level of on hand equipment continues to increase, the backlog to provide for authorized stockage of repair parts will increase to $140.2 million in FY92.

In closing, I would like to mention that the future holds both challenges and opportunities for the Army National Guard. With constrained budgets and the reevaluation of national military strategy, the Army Guard must continue to change and adapt. A combat-ready ARNG is an essential element of this strategy, therefore it is our goal to continue to improve and maintain a cost effective and ready "Army on Call."

Thank you Mr. Chairman for this opportunity to appear before your committee. I welcome any questions you may have at this time.

STATEMENT OF MAJ. GEN. PHILIP G. KILLEY

Mr. Chairman and members of the committee, I am grateful for this opportunity to again share with you the many accomplishments of the Air National Guard in the past year and to reaffirm our commitment to meeting the challenges in the year ahead.

Throughout our history, dedicated men and women from mainstream America have eagerly answered our country's call as members of the militia. Over 117,000 men and women in today's Air National Guard continue the time-honored tradition of readiness, responsiveness, and responsibility, effectively applied whenever and wherever needed.

Since the 2nd of August, more than 15,000 Air National Guard men and women have proudly served their nation in support of Operation Desert Storm. At home, their families, employers, and communities have mobilized in demonstrations of support for their troops the likes of which a generation of Americans has not seen. Patriotism and pride are on peoples' faces everywhere! They are proud to be Americans, and it shows!

Over the decades, the ability of the Air National Guard to perform both its state and federal missions has been tested and proven in combat and catastrophe. We have shown, each and every time, by any measure, that we are a most combat-ready, cost-effective reserve component. As part of the state militia, Air National Guard citizen-airmen have eagerly and readily responded to their communities' call.

Today, the Air National Guard is an active and essential partner with the United States Air Force and Air Force Reserve in nearly all segments of the Total Air Force mission. We stand side-by-side with our comrades in arms on the front line of freedom, and we worked hard every step of the way. We have earned the bragging rights and are proud to say we are truly Americans at their best!

But there is a bigger story to be told: The Total Force Policy has paid off, for the Air National Guard, the Air Force, and the Nation. A payoff of our investment in the men and women of the Guard and Reserve who have modern missions, modern equipment, and the resources to train. And the payoff is ever-increasing! For example, the Air National Guard has accepted an important role in training future pilots of friendly foreign nations. Currently, we're hosting training in Tucson, Arizona, for pilots from the Royal Netherlands Air Force, and other countries have shown interest in our training. Truly, we are modern warriors performing modern missions for the Total Air Force in a dynamic, and sometimes dangerous, world.

As the Air National Guard celebrates 44 years of service, I am proud to report that our units and our people are at their highest level of readiness in history. Looking back to August 2, 1990, within hours of the Iraqi invasion of Kuwait we responded. Our KC–135 aerial refuelers, C–130 tactical airlifters, C–5 and C–141 strategic airlifters were pressed into immediate service. The first few hours and days of Operation Desert Shield demonstrated the Air National Guard's readiness, capability, and flexibility as tankers and airlifters participated in "volunteer" status.

As the crisis unfolded, we added RF–4C reconnaissance aircraft with special capabilities. Then, we added F–16 and F/A–16 fighter units. We deployed personnel for support functions including medical, services, civil engineering, fire fighting, combat communications, disaster preparedness, security police, and other such elements.

Our success in supporting Operation Desert Shield/Desert Storm is a direct result of good leadership, intense training, and total commitment. It is a direct result of quality people working together as proud members of the Total Air Force Team.

The Air Force has been a Total Force leader, and Air Force leadership has kept the faith with the Air National Guard. They have followed the direction and sense of the Congress in placing more reliance on Guard and Reserve forces. They have organized, trained, and equipped us to be an effective fighting force as part of the Total Air Force Team. Our units have been maintained, our equipment modernized. We have been included in every mission area, and we can expect our share of mission areas to grow.

Ours is a good news story, one of sound policies, proper planning, complete cooperation, and responsible resourcing.

America's investment in the Air National Guard is an investment in quality, and the rate of return has been extraordinary. In every way fiscal 1990 was a quality year for us and for America:

—Quality participation in two major conflicts (Operation Just Cause and Operation Desert Shield/Desert Storm)!
—World-wide gunnery competition champions (Gunsmoke '90)!
—World-wide reconnaissance champions (RAM '90)!—Best airlift team in the U.S. (Volant Rodeo)!
—Highest strength and retention levels ever!
—Best ground and flying safety record ever!
—Best inspection record ever!

The Air National Guard enjoys its highest state of readiness ever. We attribute our success, in large part, to the many dedicated men and women who are committed to excellence. Their response and contributions to Operation Desert Shield/Desert Storm have thrust the Air National Guard and the Total Air Force Team into the forefront of national awareness. We could not miss the sight of "SOUTH CAROLINA" emblazoned on the tails of the 169th Tactical Fighter Group's F–16 Fighting Falcons, or the larger-than-life "NY" on the 174th Tactical Fighter Wing's F/A–16s as they were supporting the coalition forces. At the foundation of it all are the fine men and women who have trained and labored—and trained some more—to take their rightful places on the Total Air Force Team. But as our citizen-airmen return to their homes, we are very much concerned about them, their families, their jobs, and their units. Treating our troops properly as they return home from Operation Desert Storm is our greatest near-term challenge. We anticipated demobilization would have a sweeping impact throughout our force. We prepared to meet this challenge head-on, and we are!

We are not so quick to conclude that mobilization will have little or no affect on readiness. We are optimistic, however, that our recruiting and retention programs will focus on the "right stuff."

We expect some temporary turbulence with recruiting and retention; however we do not expect significant problems and we will lean forward to absorb qualified active duty members who will separate due to the overall military force drawdown. In fact, we've initiated several actions aimed at improving our chances of attracting these valuable assets. This optimism must be tempered, however, with two concerns which could negatively impact our expectations. First, forces and missions being assigned to the Air National Guard in FY92/93 will require greater numbers of drill status, Active Guard/Reserve (AGR), and technician personnel. As the AGR program continues to grow, we need to emphasize the importance of increasing grade ceilings for our AGR force. AGRs are part of the Air National Guard's future leadership. If their pay and promotions are limited, we will not be able to retain all of them. Second, it's been proposed that 30 percent of the AGR personnel be replaced with active component personnel. We believe this action will be disruptive, costly, and add little to Air National Guard readiness. Overall, we will work harder in the area of recruiting and retention. In spite of the turbulence confronting us, we will be as ready, capable, and accessible as we were on the second of August and are today. We will be able to assume an even more prominent role in the future.

Last year I reported to you the emphasis we place on ensuring our people are well-trained and our weapon systems are mission-capable. I stated then as I do now that continuing to increase our warfighting capability at an affordable price is essential. I am pleased to report to you that your support and confidence in a strong and capable Air National Guard have met all expectations. First-class people need first-class equipment. Modernization of the Air National Guard force continues at a rapid pace, and for this we are appreciative.

Aircraft modernization has kept us busy. In FY90 we completed 21 conversions, and this fiscal year we will have a combination of 53 unit conversions and new activations in progress. In FY90 we took delivery of 160 F–16s, 18 F–15s, 24 RF–4Cs, 8 KC–135s, 16 HC/C–130Hs, 14 MH–60G rescue helicopters, and 3 C–26 operational support aircraft. Improvements to our training capability were realized when two Air Combat Maneuverability Instrumentation (ACMI) subsystems were brought on line. In FYs 91 and 92, we expect to field an additional 216 F–16s, 18 F–15s, 24 A/OA–10s, 30 KC–135s, 4 C–141s, 23 HC/C–130Hs, 6 MH–60Gs, 9 C–26s, and 2 more ACMI ranges.

The upgrading of our F–15A/B fleet began through the Multi-Staged Improvement Program (MSIP), which, with continued funding, will proceed into FY91 and FY92. A self-protection capability for our RF–4 reconnaissance aircraft will be completed. Off-the-shelf technologies and capabilities for defensive systems improvements to our F–16s, which we hope will continue during the next two years, were provided by congressionally-added funding. Additionally, our air refueling capabilities are being upgraded with the reengining of our older KC–135 tankers. We strongly support the Air Force initiative to upgrade the engines on our older model F–16s with the 220E engine. We have provided some funding to this program to ensure that Air National Guard F–16s are among the first aircraft equipped with the 220E.

Our mission support units were partially modernized in FY90. New communications equipment, essential to vital command and control and used in Operation Desert Storm, was delivered to our units. I ask for your continued support in ensuring our future needs can be met with the latest technology available.

Fiscal 1990 witnessed the dynamics of progress, and with progress has come change. While we have experienced no changes in the number of units under the Air National Guard umbrella, we have undergone a change in mix. Force structure modifications, such as conversions from fighters to tankers, have caused turmoil. While we fully recognize the myriad factors necessitating changes, we ask only for a shared appreciation of the difficult decisions we're having to make. Whether a conversion is driven by major fighter force reductions in the Active Force, a plan to prevent a unit from closing, or any other decision predicated on fostering a stronger Total Force, we will continue to undertake all conversions with equal fervor. As with past conversions, our resources of both tangible and intangible kinds are pressed into service with only one goal in mind: to achieve mission-ready status in minimum time with maximum efficiency.

Progress causes other problems, too. Modernization of the force comes not without a price. Obtaining and maintaining our capability depends on functional facilities. Many of our facility requirements for aircraft conversions, for example, are late to need. We are diverting scarce O&M funds to accomplish temporary workarounds until military construction projects are completed. Reduced budgets have placed emphasis on support of force structure modernization, environmental compliance, and those few current mission projects with the greatest impact on training and readiness.

Last year we spent nearly $190 million for real property operations, maintenance, repair and minor upgrades, and disposed of more than 38,000 square feet of deteriorating structures of World War II and prior vintage. This year we would prefer to anticipate a like dollar amount to protect and enhance our physical plant and the demolition of another 11,000 square feet of old facilities. However, in keeping with the decreasing budgets throughout the Department of Defense, we have a FY92

MILCON request ($131.8 million) that represents the minimum essential requirements to successfully accomplish conversions and critical facility replacement.

Our Constitution reminds us of the militia's dual-mission responsibility to the state and to the nation. It is this dual commitment to both state and nation that distinguishes us from all other services. Lieutenant General John B. Conaway, Chief of the National Guard Bureau, recalls that the National Guard has matured and expanded its service to the nation to include a third mission—a community mission—best described as "adding value to America." The Air National Guard is adding value to America through its participation in these three areas: the environment, the war on drugs, and minority representation.

One of the greatest long-term threats to our health and well-being is the effect we all have on our environment. I can say with conviction that the Air National Guard is on the front lines in the battle for a safer, healthier environment.

Strict adherence with federal and state laws and a common-sense, total compliance approach to safe and sound business practices are what we can do to help preserve our precious environment. Our participation in National Guard Executive Environmental Leadership Seminars and Environmental Advisory Councils has helped us to focus on additional efforts. We have devoted funding to conduct first-rate environmental impact assessments for aircraft conversions. Hazardous waste disposal analyses and similar environmentally sensitive actions have been taken. Airspace management and long-range planning, installation restoration programs, and underground storage tank removal projects are ongoing.

Educating and training our Air National Guard members on ways to promote environmentally-safe practices have become high priorities in the everyday management of our units. Education and training are continuing processes. Managing our resources for a healthier environment is a national priority. The health and well-being of our human resources are also a national priority for the Air National Guard.

Another message is clear. The Air National Guard is committed to helping make—and keep—America drug free. In 1990 we expended nearly 53,000 man-days and close to 1,200 flying hours in support of the war on drugs. Thirty-one Air National Guard units and nearly 4,500 citizen-airmen participated in counter-drug operations at a cost of over $14.2 million.

Our efforts to combat illegal drug use focus on three elements: supply, interdiction, and demand. Our goal, with anti-drug coalition partners, is to stop the flow of illegal drugs into the United States. We are mobilizing our troops to wage this war, to develop and publicize an effective anti-drug education and awareness program. We will provide whatever assets possible to help in this nationwide effort.

Last year we initiated procurement of a modified C–26 to assist us in our counternarcotics role. This aircraft will serve as a test bed for our developing concept for counter-narcotics operations. We are considering the utility of a forward-looking infrared (FLIR) system on our C–130s as well as assessing a FLIR for our MH–60G helicopters to bring them to a common configuration with the Air Force's MH–60G SOF aircraft.

We have also very successfully used our F–15, F–16 and RF–4 aircraft and Tactical Control Radars in our nation's counter-narcotics efforts. Working in close coordination with other state and federal agencies, we have identified and intercepted suspected drug smuggling aircraft as well as detected marijuana crops, border crossings, drug laboratories, and other suspected illegal activities.

Reducing the supply of drugs is just one way we're fighting this war. Our joint Army/Air National Guard Drug Demand Reduction Board works closely with the 54 states and territories to identify and initiate opportunities to reduce substance abuse. In this way, we are making a contribution to tackling the other side of the drug problem.

Victory will not come easily, nor will it come cheaply. But through innovative programs at all levels of our community, and with the firm commitment by our people, we will win this war. We are adding value to America!

Fact: 85 per cent of the net additions to the labor force between 1985 and the year 2000 will be minorities and women. The Air National Guard's grass-roots foundation and hometown heritage are natural reasons why we are committed to increasing minority participation in our programs to reflect the ethnic and racial makeup of our local communities. This Air National Guard goal for the 1990s is both a challenge and an opportunity we are determined to achieve.

Support for increasing minority representation spans all strata within the military community, but none is stronger than in the Air National Guard. We have the means and the mettle to make it happen. The opportunity is apparent, and so is the need. Reaching our goal will require action at all levels of command, but none more important than at the grass roots level. Already action plans are being developed and the forces mobilized to meet this opportunity head-on.

Leading our initiative is the Air National Guard Human Resources Advisory Council (HRAC) which was established this year. Its charter is simple and forthright: "Review and make recommendations for improvement of policies, plans, and practices to assure fair and equitable participation for all, with emphasis on minorities, in all phases of the Air National Guard." Further, the HRAC is charged to "educate, facilitate, and provide tools to units for improvement of their equal opportunity programs." We are encouraged by the enthusiasm and ideas the Council is generating.

We will achieve minority representation throughout our force. We are institutionalizing our efforts and our mind-set to ensure our viability as a combat ready force. We are adding value to America!

Mr. Chairman, last year I reported to you the Air National Guard's commitment to its state mission, and cited for the committee some of the calamities that befell our nation: the Alaska oil spill, United Airlines Flight 232, Hurricane Hugo, and the San Francisco earthquake. While this year we're fortunate to have not been called, we remain prepared nonetheless—trained and organized should the call come.

Our ability to perform our state mission was enhanced by the activation of Alaska's new air rescue unit, the 210th Air Rescue Service, equipped with new HC-130N airplanes and MH-60G helicopters. Last year the 210th was called upon five times by the Alaskan Rescue Coordination Center to assist in rescue missions.

Our New York-based 106th Air Rescue Group was credited with saving eight lives, and California's 129th Air Rescue Group saved five. (The rescue capability of these units will be significantly upgraded with the new MH-60G helicopters.) Three Air National Guard units with the Modular Airborne Fire-Fighting System (MAFFS) capability participated in fighting forest fires in the Pacific Northwest.

Underlying our aggressive approach to the challenges of an austere yet dynamic environment is our overriding commitment to quality—Quality Through Teamwork. Simply, it is a no-nonsense, common-sense approach to how we do business, a management system that introduces "quality" into everything we do. "Quality" is doing the right thing at the right time, the first time and every time. The Air National Guard is committed to quality—quality in the way we think, the way we act, and in what we expect of each other. We have clarified and aligned our organization's purpose, mission, values, visions, goals, and programs. We have established procedures that use collaborative team efforts and quantitative evaluation to continually improve our processes. Quality Through Teamwork is becoming a reality throughout the Air National Guard.

Mr. Chairman, ours is a good news story, a story of cooperation with our active component colleagues to properly shape, train, and equip our Total Force. As we move forward in an ever-changing world and grapple with the realities of the budget, I see a bright future for airpower, a bright future for the Air Force, a bright future for the Air National Guard, and a bright future for our country. The past year has shown without doubt that Guard and Reserve units properly trained and equipped can and will respond when called.

They can and will do the job if backed up by sound policies and leadership that truly include them on the first team. Air Force leadership has done just that.

117,000 proud professionals of the Air National Guard.

Quality people working together as proud members of the Total Air Force Team.

GUARD TRAINING AND MAINTENANCE

Senator INOUYE. General Conaway, thank you.

General Burdick, do you have anything?

General BURDICK. Mr. Chairman, I have submitted a statement for the record, and I think General Conaway covered all the points I would cover. I would defer my short statement here to go to the questions.

Senator INOUYE. I am going to ask a question which I asked the Secretaries, with just 39 days of annual training, have we expected too much of our combat Reserves in assigning them early deployment missions at the brigade level. The question I asked was, should it be brought down to the battalion or company level?

General **CONAWAY**. I think you need units at the brigade level. And we train at the brigade level. We train at the wing level, as well as the group and squadron level on the air side. But you need to train, you need the brigade structure, and you need the division structure. Not for every mobilization, but say you have got it, depending upon what the scenario that you need is, you train at the lower level and work up as you have time to the highest level you can train for, and you finish the rest of that higher level training when you have mobilization. But you get the foundation there. And the peacetime management structure in the National Guard requires some brigade management headquarters and structure and the last, like in fire brigades, got called up this time. You know, two of them got into combat, so it is important to have a brigade structure.

You can take some and pull out a battalion and pull out some other support slices that you need, but basically the training is helpful.

General Burdick may want to add to that.

General **BURDICK**. Mr. Chairman, I agree with General Conaway. I think the training should remain at the brigade level. You know, I might mention that in addition to the three roundout brigades, we also have three roundout battalions that have actually trained with these brigades.

Now, we do train, and it consists of at least 39 days for each one of those brigades. For example, this past year in fiscal year 1990, the 48th Infantry Brigade trained 60 days. The 155th, 65 days. The 256th Infantry Brigade trained 64 days. So we do have additional training assemblies.

It is not so much a question of the additional days, but the additional resources. For example, you asked the question about maintenance, and I would like to elaborate a little bit more on that.

In terms of maintenance, we are only staffed, right now, at 67 percent of our full-time maintenance personnel across the force. This is also reflected in these high-priority roundout brigades and battalions.

Senator **INOUYE**. Could maintenance be conducted by civilians or by reservists?

General **BURDICK**. Sir, I am glad you asked that question, because I would like to clarify that. Our military technicians—we actually have three facilities. We have the MATES, the mobilization and training equipment sites, that are located primarily at Active component posts, like Fort Stewart, GA. There are military technicians in the MATES, as there are in the OMS shops, organizational maintenance shops, at battalion level and combined support maintenance shops at State level.

All of these military technicians in our Army National Guard, unlike the Reserves to a certain extent, also occupy a TO&E position in the unit.

The question has been asked about the role of the MATES, and it has been said that all of our maintenance training is conducted by full-time people at the MATES, and that is why our personnel in the units are not well trained in maintenance. That is only part of the problem, and it is not exactly an accurate statement. We have in each battalion and each community where a battalion headquarters is located an organizational maintenance shop. That organizational maintenance shop has full-time people. The battalion maintenance warrant officer, in about 75 percent of the cases, is also the full-time organizational maintenance shop chief.

I would say in at least 50 percent of the cases, that the motor sergeant is one of the mechanics that works full time in the organizational maintenance shop during the week. So we do have that support.

Now, there is another perception that all of our equipment is at the MATES. The majority of our equipment in some cases is at the MATES, and this is the case with the 48th Brigade in Georgia. However, we have at each company-size unit, representative pieces of equipment that personnel can train on. Now the problem is one of geographic location and the other is one of time.

Furthermore, we do not have all of the full-time maintenance personnel that we should have. I am short about 8,000 right now, sir; 8,000 across the board. To give you an example, I have a requirement for 23,900 maintenance technicians throughout the Army National Guard. I have today only 67 percent, or 16,000 of these. I have a requirement for an additional 7,900.

Senator INOUYE. Have you made that request?

General BURDICK. Sir, we repeatedly make that request in terms of full-time manning and full-time support. And I would like to make that request. Believe me, in my testimonies in the past, I have always pointed that out.

Senator INOUYE. What is this, a funding problem or a recruiting problem?

General BURDICK. Sir, it is a funding problem. We can recruit the personnel. You know right now the Active component is concerned about the drawdown of the Active, and they will come into the Guard and Reserve. I must tell you that at least 50 percent of what we assess each year are soldiers that have had prior Active component experience, and we would be delighted to consider any soldier coming off active duty who has the proper maintenance military occupation specialist to come into the Guard AGR program, or military technician program, and compete with our people for those positions.

We need additional authorization in end-strength and full-time support.

RESERVE COMPONENT AUTOMATION

Senator INOUYE. DOD's corporate information management initiative will consolidate similar automated and administrative data systems across all services. That being the case, should the Army continue developing the Reserve component automation system while at the same time spending hundreds of millions of dollars developing similar systems for their Active component?

General CONAWAY. I think so. We need to get the Army Guard and the Army Reserve up into the current generation of equipment so they can be standardized and have telecommunications to talk to each other. They need to have user-friendly systems from the unit administrator at the lowest level, right up to General Burba at FORSCOM and myself, in the National Guard Bureau, and the Director to deal with the continental armies. All of that will help with mobilization, cross-leveling of people, and dealing with personnel matters.

This system, the Reserve component automation system, is in the competitive demonstration at this time. There are two companies that are in this demonstration. The downsizing and selecting of the winner will be done by myself as the source selection authority on September 30 of this particular year. That program starts being fielded starting October 1 of next year and it will be fielded during the next few years. It is a very user friendly system. Basically, either one. And I think it will be very advantageous.

For example, the SIDPERS system the Army has under development, their latest personnel system, will be compatible with that. And using the latest in software and all of that, these state-of-the-art systems will be compatible with practically every system we have. It will be a great leap and step forward for the Army Guard and Army Reserve, in my opinion.

Senator INOUYE. But will it not be cost effective if you had one data management system throughout the whole service, Active and Reserve?

General CONAWAY. It would be helpful if we were all together in the system, yes. The Air Reserve and Air Guard are tied in much closer with the Active Air Force on some of their systems and things they use. That is not totally the case with the Army Guard and Army Reserve.

That is, I guess, a few years back Congress directed that this system be instituted to get the Army Guard and Army Reserve into the current generation and next generation information system. I think it will be compatible. It may even be so good that it becomes the standard system that gets adopted by other components that have that capability, but I think the system is so far along now it probably needs to be continued because of the great advantages it will give.

DENTAL CARE

Senator INOUYE. General Conaway, according to recent reports in the press, when elements of the Guard and Reserves were activated during the recent Persian Gulf operations, DOD discovered that many had health problems that made them unfit for active service. Is there any validity to that?

General CONAWAY. Not in large numbers at all. What we find is that all of America, unfortunately, does not live near medium- to large-size cities and live on city water that has fluoride that—you know, it was a shock to me to find how many people we have, thousands in the Guard, that live in rural areas off well water and no fluoride.

They basically have teeth like those of us born in the 1920's and 1930's. You open up your mouth and it is full of lead and gold, if you can afford to go to the dentist. A lot of these youngsters are going to college on the GI bill. They are drawing their part-time pay in the Guard and taking a part-time minimum wage job. They may or may not have a family, but the three of them, they get by. They cannot afford dental care.

So the biggest problem we ran into was dental care of these youngsters, and we are desperately looking at any help you all can give, and we have talked to Secretary Duncan about what we might do in adding value to America to help these young soldiers on the incomes they have.

They are trying to get a college education and we are helping them there, to where some of our medical units and dental units can help them. But it was mostly in dental. It is not even on the chart, other than dental problems.

FAMILY SUPPORT PROGRAMS

Senator INOUYE. You spoke very highly of the Federal family support programs. How did you provide this family support in small rural units with a military base nearby?

General CONAWAY. I give the Army credit for starting this family support program years ago, and the Army Guard got it in their budget, and the Air Guard is now into the program. A lot of people are working in it as well and benefiting from it and are going to support it, but the Army and the Army Guard and Army Reserve really, I think, were the initial instigators of getting this program started years back. We have a civilian at State headquarters and an office there. They have volunteers and other personnel within the unit, lots of family and spouses that are involved.

I went to a conference in Kentucky and Senator Ford was there also—and in that meeting it was amazing the number of spouses and the number of military members that were present, from practically every county of Kentucky, discussing what was taking place in their county and the meetings that they had.

They get lawyers' free service to help them with ID cards—I mean, military people, to help them with their wills, with any changes they have. We got asked questions about when is this particular unit coming home, somebody from the 101st, or somebody even from the 155th Brigade in Mississippi at the Kentucky conference.

I asked, why are you interested in the 155th Brigade, roundout brigade in Mississippi? They said because a couple of the families moved up here and are living with their parents until their spouse gets back home and when they do that we take care of them and service them as best we can to provide them information.

But it is really a great service provided to individual Ready Reserves. Many of their families were served by the National Guard Family Support Program.

MEDICAL SUPPORT TO DESERT STORM

Senator INOUYE. I believe you have more than 55,000 medical reservist personnel deployed to Desert Storm. Are there any unique problems?

General CONAWAY. No; to the best of my knowledge, they have done very well. Some were over in the desert and some backfilled here.

General Killey's Air Guard did heavy backfilling right here at Andrews in the contingency hospital where the wounded came into, both accidental and combat injuries, but to the best of our knowledge the MASH units and others that went over, they performed admirably.

General Burdick, did you want to add to that?

General **BURDICK**. I think you are correct in that, sir.

General **KILLEY**. This was one area that we anticipated that we may have some problems in reconstitution of our medical forces, but I am here to tell you that we have had absolutely no problems to date with retention of those personnel.

We used our medical mission areas very heavily. Our aeromedical evacuation was used to its full capacity. We have 10 units. The entire mission area was totally utilized over in the AOR. In the medical mission area, our clinics and hospitals backfilled here in the United States—active duty hospitals—and also over in Europe. We had a lot of those folks participating initially voluntarily, revolunteered for longer periods and then were called up, and we still have some in the medical area that are on volunteer status. So I am very pleased with the performance of our men and women in the medical area.

Senator **INOUYE**. Just to get it clear again, you do not anticipate any retention or recruitment problems?

General **KILLEY**. To date, no; we do not. That was one area that we thought we may lose. I can tell you that we have some medical personnel who requested to stay on active duty, but we do not anticipate at this time a retention problem in any area, let alone medical.

Senator **INOUYE**. All of us are very pleased to hear that, because most commentators predict that you would have problems.

General **CONAWAY**. Mr. Chairman, I might add that we still have almost 60,000 Army National Guard on duty to be demobilized yet, and General Killey has, what, about 7,000 Air Guard, and so we will get an even clearer picture after all of these demobilize. Now, some of that is medical, but it is across the board, fighter units to artillery brigades, and everything to be deactivated yet.

General **BURDICK**. Mr. Chairman, if I could just comment on that. General Conaway said that our medical units performed admirably, and they did.

Now, you know, compared to the U.S. Army Reserve we have relatively fewer medical units in the Guard, but the Guard units—in terms of our nurses, we were proud in Desert Shield/Desert Storm that we had 100-percent fill of our nurses. In terms of our physicians, there was a certain mismatch in certain specialties—for example, brain surgeons and specialties like that, as you go into combat, are critically needed. So we have a certain mismatch that we have to look at.

In terms of retention, as was pointed out, I think it is a little early to say right now. Several of our physicians, if they are maintained on active duty for a considerable portion of the time remaining and feel that they do not have a viable mission—and we did not have a lot of combat casualties—that could create a little bit of a problem in terms of retention, but only time will tell.

Senator **INOUYE**. Thank you.

Senator Stevens?

Senator **STEVENS**. Thank you very much. Gentlemen, Senator Inouye and I made two trips to the Persian Gulf and we were really pleased to see the real spirit of the Guard and Reserve, it was just fantastic.

FULL-TIME SUPPORT

Last year, General Burdick, we had a battle on the floor concerning the AGR personnel. The original proposal in the authorization bill was to cut that group by 30 percent and we were able to work out a change which provided that there be no involuntary separation of AGR, and a maximum reduction over the period of the 3 years would be 5 percent. How has that worked?

General **Burdick**. Sir, let me try to answer your question this way: we have two full-time forces. We have the Active Guard Reserves, and we have the military technicians. Now, our Active Guard Reserves, in accordance with the congressional directive and the mix of force, are primarily in deployable units, and fill positions like the readiness NCO, our trainer, our supply sergeant, and administrative clerk, down at the company level, and they are needed down there.

Now, the military technicians, I pointed out before, really are in aviation flight facilities and our maintenance facilities. We have considerable shortages across the board, and this is considering the Quicksilver decrements right now. Across the board in fiscal year 1992 coming up, I have a requirement for almost 42,000 AGR's. I am authorized 23,341, so that is about a 56-percent fill.

In military technicians, I have a requirement for 33,000-plus, and have but about 27,000. I do have an 81-percent fill, but there is a little mismatch there, too, and that is because of congressional directive.

So we need additional full-time manning. Now, that reduction has not occurred, but it is still planned to take place, and in concert with Quicksilver the shortage will be exacerbated.

Mr. **Duncan**. Mr. Chairman, let me add one comment on that. To put this in perspective, it should be noted that over the course of the last decade the Selected Reserve as opposed to the Individual Ready Reserve, the Selected Reserve, where we need the full-time support people, has increased by about 40 percent. The number of full-time support personnel, the technicians and AGR's, has increased by 50 percent.

The budget that the President proposes, while decreasing the absolute numbers of reservists, along with the Active forces, would continue a modest increase in the proportion of the full-time support personnel. I say that simply to show that over a period of time we recognize how important those full-time support people are.

Senator **Stevens**. Well, has the budget this year requested us to change that 5-percent reduction? Is that successful?

Mr. **Duncan**. No; it does not.

Senator **Stevens**. General Conaway, do you propose to change that formula in any way?

General **Conaway**. No; it did not get into the budget at all because of the language in the law, but what Secretary Duncan said was, we will still come down with the budget as we come down in strength. In the President's budget, as it is stated, we still lose technicians, military technicians and AGR's, and it may not be a steadfast rate, so the percentage goes up slightly.

But with the loss of some AGR's and technicians, to do the 30-percent cut on top of that is really going to exacerbate some of the

States out there. It is kind of a double hit on them as they come down in drill strength and will lose a few AGR's they will have to take off the books, and some technicians they will have to take off, and then to take another 30 percent off of what is left, to replace them with Active Army personnel is going to be a considerable blow to the States.

I would much rather propose that that plan be done, if the Army has the spaces, with getting back to the adviser program that we had in the 1960's and 1970's, which is now down to about 400 and some people in the Army and the Air Guard, too. That was over 2,000 advisers out in many of our units who worked with us, NCO and officer advisers, who worked with our full-time traditional Guard people to tie them in with the continental armies and FORSCOM.

Senator STEVENS. Well, this is a substantial disagreement between the two committees of the Senate that work on defense matters, as you know, and I would like to find some way to work it out. In my opinion, the Armed Services Committee ought to be considering the proposed reductions, but I do not see that. As you have indicated, their proposal was that the reductions would be filled by people on a mandatory basis from the active duty area.

Now, are there new cuts proposed? This was a 3-year program we passed last year in the authorization bill. Are there any cuts proposed in addition to that now? Is that what you are saying?

General CONAWAY. No; the cuts—just the normal cuts with the budget, that are in the 1992 budget, that take the Army Guard from 457,000 to 410,000 drill strength—has some AGR and technician cuts in it, and it gets spread across the States where they lose some of those units.

Senator STEVENS. That was not supposed to happen. That is the point. We made a 3-year deal. The maximum would be 5 percent in the 3 years.

General CONAWAY. That is separate from the 1992 budget that has the cuts, so that program that the other committee wants, Armed Services wants, will be a cut in addition to what is in the 1992 budget, and I have discussed that with Senator Glenn, and I have a meeting with him Thursday morning. He wants me to come over and discuss that, because he is concerned now about the potential double cuts of full-time manning within the Guard.

Senator STEVENS. Well, we are, too. I would like to make sure that you give us your recommendations for 1992, taking into account the 3-year agreement that was made now. It was my understanding that would be a maximum cut of 5 percent over the 3-year period.

General CONAWAY. That is just the replacement program, that they want to put some active duty people—assign them permanently in there for 3-year assignments, that you would have the manpower. It would be an active person instead of a Guard person that you would have.

That is still there on the books, and then we have the cuts in addition to that that will cut our AGR's and technicians through the normal President's budget with the 1992 cuts, so it kind of is a double pull from the AGR force within the Army Guard and the Army Reserve, I think.

Senator STEVENS. I think we ought to have a paper on that, Mr. Chairman, to see what would be required to maintain the strength of the AGR through this period so that it would be—it is the backbone of both the Guard and Reserve, right?

General CONAWAY. That is correct.

General BURDICK. Senator, if I can just clarify a point, too, on the AGR program now. The AGR program, you know, is an Active Guard program. That is a full-time military soldier in that community. Now, what I said was, we would be willing to take from the Active component an Active component soldier to compete with our men for those positions as AGR's, not as Active components. The reason for this is to let us build on his expertise and keep him in the unit and not rotate him out after a couple of years.

Senator STEVENS. That is not your program. I understand that is not their program. They expect those people to go back to the regular and integrate them, and revolve in and out.

General BURDICK. I said we would build on that expertise, though.

General CONAWAY. That would be a good program to do with the adviser program and let us hire some of these people coming off active duty back to their Hometown, USA, in some of our AGR positions that may be vacant, if we still have them.

ARMY GUARD HEADQUARTERS

Senator STEVENS. General Burdick, I have asked this before of other witnesses. Are we still going to have the new Army Guard and armor headquarters ready this summer?

General BURDICK. Yes, sir; I believe that will take place now that the freeze is over. We are moving ahead with our construction program.

Senator STEVENS. General Killey, I am looking forward to your annual visit. We do not need to get an extra pair of crutches for this year, do we? [Laughter.]

General KILLEY. No, sir; I am in good shape.

SUPPORT TO ALASKA AND MISSISSIPPI GUARD

Senator STEVENS. Do we have any indication of how we are coming along with the two Air Guard units in Alaska, the search and rescue squadron, and the refueling group? Are there any problems there we should know about?

General KILLEY. No, sir; in fact, my deputy director, General Shepherd, just came back from a visit up there, and he had nothing but absolutely great things to say about both of those units, the conversion of the plus up to eight aircraft is on track.

The MILCON facilities, even though there is a lot to be done there, are basically on track. The rescue unit down at Kulis is now sitting alert and has been for quite some time, and doing a superb job. I envision no problems at either of those units.

Senator STEVENS. There are some additional facilities that are going to be needed for that air rescue squadron. Are they in the budget this year?

General KILLEY. I cannot answer that directly. I will get back to you on that.

[The information follows:]

ALASKAN GUARD UNITS

The following is the status of the Air National Guard projects approved in the budget for Alaska:

[Dollars in thousands]

Project title	Fiscal year	Cost
Kulis Air National Guard Base:		
Fire suppression system	1991	$4,000
Base supply warehouse [1]	1991	4,300
Add to and alter squadron operations	1992	3,850
Alter helicopter maintenance facility	1992	1,200
Add to and alter avionics/electronic countermeasure shop	1992	850

[1] Fiscal year 1991 congressional add.

The following projects have been identified as candidates for accomplishment in future year MILCON programs to support the Alaska Air National Guard depending on the availability of funds in the budget:

[In thousands of dollars]

Project title	*Cost*
Kulis Air National Guard Base:	
Add to and alter jet fuel storage complex	1,800
Add to and alter fire station	390
Composite support facility	2,800
Composite base engineer maintenance facility	5,300
Eielson Air Force Base:	
Fuel system maintenance dock	8,900
Composite squadron operations	4,650
Power check pad with sound suppressor	1,300
Aircraft engine inspection and repair shop	2,550
Vehicle maintenance facility	2,500
Aerospace ground equipment shop	670

Senator STEVENS. General Burdick, how many UH–60's have you requested in this year's budget?

General BURDICK. Sir, there is a procurement request. We coordinate with the Department of the Army. There is a request for 45 UH–60's.

Senator STEVENS. Are we going to continue the modernization of the Alaska helicopter force?

General BURDICK. Sir, we are planning on doing that. Yes, sir.

Senator STEVENS. Thank you.

Thank you, Mr. Chairman.

Senator INOUYE. You all gave the right answers. [Laughter]

Senator Cochran?

Senator COCHRAN. Mr. Chairman, thank you.

I had the pleasure recently of visiting some of our Guard and Reserve units in Mississippi during this recent break, and while I was in Mississippi I had a chance to be briefed on the needs of Camp Shelby, MS, which is the largest National Guard training facility, as I understand it, in the Nation right now. We are very proud that that is located in our State.

One of the concerns that I heard expressed was the need for some more maneuvering area there on-site to accommodate the needs of tank and other armored vehicle training. Could you give us an up-date—either General Burdick or General Conaway—on what the outlook is for being able to successfully obtain additional maneuvering space at Camp Shelby?

General **BURDICK**. Senator, we are very much in support of that. You know, I believe that for the land—the U.S. Forest Service and the Bureau of Land Management is still moving toward a solution to that problem. The adjutant general of the State also is working on this and we are very much in support of it.

Senator **COCHRAN**. One interesting aspect of that, as I see it, is that some have suggested that if that maneuvering area cannot be enlarged, that there will be strong likelihood that Camp Shelby could be closed or no longer used by the National Guard, and that seems to be a rather harsh and dramatic reaction. Is that an overreaction, in your judgment?

General **BURDICK**. Sir, I believe that is an overreaction. We believe that Camp Shelby will be around for many, many, many years. We do not intend any recommendations on the closure of that facility.

Senator **COCHRAN**. That is good to hear.

Senator **INOUYE**. I am glad to hear that, too.

Senator **COCHRAN**. Our chairman, as a matter of fact, had some personal experiences there back in World War II.

Senator **INOUYE**. I did my training there.

General **CONAWAY**. I like that, too, Senator Cochran, because it is named after a Kentuckian. [Laughter.]

Senator **COCHRAN**. That is true—Izaac Shelby. That was my first question when I got on the base, to refresh my memory of the origin of the name, and it was Izaac Shelby.

COUNTERDRUG SUPPORT

The National Guard has many unique contributions to make, I think, in our total force concept of protecting national security interest, and you pointed out the importance of the counternarcotics activity, General Conaway.

I wonder if you could give us an update on that and any other kind of special contributions in terms of special forces or other contributions that the National Guard is making, and whether or not we ought to continue to seek to provide appropriations for that kind of activity through the Guard units?

General **CONAWAY**. I very definitely think that you should, and support that, and I know the Secretary of Defense does and Secretary Duncan, who we work very closely with. This program is getting right down to the heart of the problem at the local level and the counties and the cities and the communities and on the border and is in line with the Governor's plans that have to come into us.

We scrub those plans and review them and then they go to Secretary Duncan—well, they go to Air Force and Army, and they look at them, and then Secretary Duncan's Office, and then over to the new drug coordinator, Governor Martinez, and then back to the Department.

So they go through a lot of scrubbing, and then with the close ties that all of our people have, whether it is in Mississippi or Texas, or wherever, with the border patrol and the local sheriff's department and the State police force, in the eradication of marijuana or in the interdiction role using helicopters and aircraft like C–26's and C–23's and things of that nature, or to help with surveillance. We are able to work well because we know all of those people from State emergencies and national disasters.

We work with all of them practically every day, and so it is natural to work with them, and we also can do it in-State, with title 32 Federal status as Secretary Duncan mentioned, which gives us an added dimension. Although we do not like to make arrests, we get involved with situations from time to time.

SPECIAL OPERATIONS FORCES

Senator COCHRAN. I have recently understood or heard about National Guard units that are trained to help support special forces activities. Do we have any of that capability in the National Guard?

General BURDICK. Yes, sir; we have two special forces groups, one headquartered in the State of Utah, the other one headquartered in the State of Alabama. There are other States involved. These are 19th and 20th Special Forces Groups. We also have some light groups, you know. We have the long-range reconnaissance companies. We have some of these units in our Army National Guard also.

Senator COCHRAN. Were any of these forces activated during the recent Desert Shield/Desert Storm experience?

General BURDICK. Yes, sir; certain personnel from the 20th Special Forces Group in Alabama were activated.

Senator COCHRAN. Were they deployed to the region?

General BURDICK. No, sir; they were not deployed to the region.

Senator COCHRAN. Do you feel that because they were not, or none of those special forces were used during this recent operation, that there will be any pressure to disestablish those units?

General BURDICK. I would hope not, because they do an outstanding job, they are highly trained, and their readiness rating is very high.

SUPPORT TO MISSISSIPPI GUARD

Senator COCHRAN. I am personally aware of a lot of activity in our Mississippi Air National Guard facilities, the immediate deployment of some personnel in Operation Desert Shield/Desert Storm. What is your report to us, General Killey, on the performance that was turned in by those units?

General KILLEY. First of all, sir, your unit, the 172nd at Jackson, did an absolutely outstanding job. They were there at the very beginning and are still deeply involved in the operation. They were the first strategic airlift aircraft in Operation Desert Shield.

We used them to a maximum extent, first voluntarily and then, when the requirements increased, even more. When the callup was implemented on August 22 we also called them up. We have used them to their maximum capacity from the very beginning, to include their maintenance personnel who stayed at home station.

We used that as a maintenance hub to do routine phase, or scheduled maintenance on C–141 aircraft of the Active component Guard and Reserve. I can tell you they have done a superb job, along with the other strategic airlift unit that we have, the C–5 unit out of Stewart, NY, where we have 11 C–5 aircraft. The same report card to you on that unit. Both of our units, along with the Air Force Reserve strat units, have been performing outstandingly.

Senator **COCHRAN**. I know some were used to bring home the released prisoners of war, and some of the injured were flown on one of those C–141's. The crew came up to my office to report that they had had a successful mission when they arrived here at Andrews. They had a little delay in their return to Mississippi and they were able to come up and take a look around the Capitol. It was great seeing them, their high state of morale, and the pride they brought to the job that they were doing. They were really thrilled that they got a chance to fly those planes and that they got to participate in the way they did. It was very gratifying.

General **CONAWAY**. Sir, they are an amazing unit. To add to what General Killey said, I get stopped by more Air Force C–141 crews who come up and say, "Hey, you all have a great unit in that Mississippi Air National Guard 141 unit." They say, "When we come back to the States we want to stop back and get maintenance and get the hospitality that they have." Occasionally their home is Jackson, MS, and that is where they would like to go.

Senator **COCHRAN**. Well, that is great to hear. Thank you, Mr. Chairman.

FORCE REDUCTIONS TO ARMY NATIONAL GUARD

Senator **INOUYE**. Thank you.

Senator Leahy.

Senator **LEAHY**. Thank you, Mr. Chairman.

Gentlemen, it is good to see you here. The first question I have is for General Burdick. Excuse the somewhat parochial nature of this question.

General Burdick and General Conaway know I have been a strong supporter of the Guard and Reserves. I have tried to do my best to help the Reserves. But General, I am concerned that the Army intends to deactivate a Vermont National Guard battalion from the 26th Infantry Division in fiscal year 1993.

Now, I can understand if this is a cost-cutting measure. But I have learned that you are going to activate an almost identical type of artillery unit just over the border in Massachusetts. While we in Vermont love southern States like Massachusetts, I cannot understand why an artillery battalion that has as many awards and is as fine as the one in Vermont would have to be disbanded and then almost in the same breath you activate a new one in an adjoining State. Am I missing the point?

General **BURDICK**. No, sir; actually, I believe all of those plans, they were actually being proposed, and I question that. That would seem foolish. Sometimes we have to redistribute force structure, but in accordance with the builddown of our Army from a 28-division force to a 20-division force we have both the cuts that have been mandated from Quicksilver as well as from the PAM, the program adjustment——

Senator **LEAHY**. The one I am referring to is from Quicksilver.

General **BURDICK**. Sir, in that program the Army National Guard will lose some 76,000 troops, and we had proposed, you know, in the past, to consolidate some of our forces. We have been directed to consolidate the three divisions up in the Northeast as part of that program. That would mean the 26th and 42nd from New York and the 50th would be consolidated into one division, so there would be a lot of structure that would be taken out from that region of the country.

Senator **LEAHY**. I can understand the cuts. But I still cannot understand why the Army should deactivate one unit and then, in the same area, activate basically the same thing.

General **BURDICK**. I would have to check on that. The only thing we would do there is in terms of cross-leveling some of the units.

Now, sir, I have got to tell you the proposal does very little to Vermont right now in terms of lost force structure, and we have looked at readiness, and it is because the readiness of the Vermont units is so high right now.

Senator **LEAHY**. It has been good. I have spent a lot of time with the Vermont Guard and I have enjoyed doing that except for when they introduced me to the MRE's. [Laughter.]

General **BURDICK**. Sir, the cuts are really going to transcend across the entire force structure of the Guard, when it comes into being.

Senator **LEAHY**. Well, I have seen figures that indicate the Army National Guard could be cut an average of 39 percent in every State.

General **BURDICK**. It would be about 33 percent. There would be a total loss of 136,000.

Now, one of my concerns—and this has been asked of the committee prior to this—is the steep ramp you see next year in 1992. I lose some 46,000 soldiers out of our Army National Guard in 1993, some 44,000 in 1994, some 38,000 in 1995. It is very difficult for me, with 12 training assemblies—in other words, 12 weekends a year—to take that tremendous force structure out in 1 year.

We have proposed that, in accordance with the President's plan and the Department of Defense's plan, that if this has to come about, that this ramp be lowered to no more than about 20,000 a year. I have concern in terms of the steepness of this cut.

Senator **LEAHY**. General, I wonder if we might do this: direct your staff to talk with mine on Quicksilver. I realize that there is still a lot in the works, but I would be pleased if you could keep me posted.

General **BURDICK**. I would be pleased to do that.

M–1 TANKS

Senator **LEAHY**. Incidentally, I am told the Army is going to rely on Guard forces more to provide heavy armor in the future. Are Guard units going to be put into M–1 tanks during this decade? Say, by 1995?

General **BURDICK**. Sir, it is planned to equip us with the M–1 tanks. The Army is moving ahead with that. As we draw down the force, we should receive additional equipment.

Senator **LEAHY**. Is that the M–1A1?

General **BURDICK**. The M–1A1.

Senator **LEAHY**. In the Persian Gulf, the M–1A1 acquitted itself pretty well.

General **BURDICK**. Yes, sir; but it is a piece of equipment that needs to be maintained, and that is why I need the full-time manning to maintain it.

Senator **LEAHY**. I have actually driven one of those out at Aberdeen. I wondered if I could borrow one for commuting in the morning here. [Laughter.]

The thought was appealing. Just give me cruise control and set it at 35. You know you would always be able to maintain it. Aberdeen said they appreciated my interest, but they did not have any extra ones to give out. My family was delighted to hear that.

I understand, General Conaway, that the Army and the Guard are considering a proposal to create a new armored division known as the 20th Armor made up of battalions from Vermont, New York, and New Jersey. If that is so, where would the division be headquartered?

General **CONAWAY**. The plan would be in the Northeast. [Laughter.]

FORCE REDUCTION

Senator **LEAHY**. All joking aside, I see the Air Force very effectively integrating the Air National Guard into its force. But the Army has chosen to make deep cuts in the Army Guard. Why is this the case? Is it a difference in the missions, or is it a great difference in the planning? Why is one integrated and the other has deep cuts?

General **CONAWAY**. I think in fairness to the Army, they are both trying to integrate the best they can. The Air Force is about 550,000 and the Guard and Reserve about 200,000. The program, at the moment, is to keep the Guard and Reserve relatively level on the air side and to downsize the Active Air Force down to 26 tactical fighter wings. That will do some mission changing for the Air Force, Guard, and Reserve. They will have turbulence, but not as much downsizing.

The Active Army at 750,000 or so today, and the Guard and Reserve at the same, are coming down closer to the same level, and you can make arguments either way. In the outyears they will still be close to the same size, but will be down where the Air Force will be with the mixture they have. It is a much tougher situation. They have a lot more people to draw down if we are going to go to this new size Army, if that is the final analysis.

And it is very tough one sitting in the Army force structure meetings when they are trying to preserve how much force structure you keep in the Army Guard and Army Reserve. How much do you need on active duty? Obviously, you need *x* number of divisions. They are planning to go to 12 and 6 plus 2 possibly for the Guard. It is a very severe cut for Active Guard and Reserve on the Army side. The ramp is steep for all three at this point, but that is the plan.

Senator **LEAHY**. I understand that cuts are going to come. We all understand that. I would hope, at the same time, that you are selecting the cuts very, very carefully with respect to what worked best and what did not work in Operation Desert Shield and Operation Desert Storm.

I am sure you found some assets turned out to be either exactly what you expected or better and some fell short. That kind of experience should be used as we are making these cuts. I would also ask that our offices keep in close touch, especially on cuts that affect my home State.

I am very interested, General, in bringing together the experience that we got from the Persian Gulf war and relating that to where we are going to make cuts. I suspect we are going to find that there are going to be some areas where we are going to want to put more money in, as well as some areas we are going to want to cut.

The Persian Gulf was a chance to learn more than the best war planning or the best computer models.

Mr. DUNCAN. Senator, of course we are going to take into account the lessons we learned from Desert Shield and Desert Storm. As a practical matter, the Secretary has directed us, most of the senior agencies and the military departments, to submit, as early as next week, initial conclusions and perceptions about lessons learned. But we also have to be aware that the forces that we used to fight in Desert Shield and Desert Storm are forces that were designed years ago for the possibility of a major conflict in the fields of Europe.

With the dramatic changes in the strategic environment in the last handful of years, we are now involved in a process where we are not only looking at lessons learned from this conflict, but designing forces for the conflicts that we see for the future.

I can assure you, Senator, that there is an enormous amount of concentration in our effort to weigh all of the factors you suggested relating to the question of what gives us the most capabilities.

Senator LEAHY. Well, I will submit any other questions for the record.

Mr. Secretary, I and other members of the committee will be calling you and the others as we go along to find out what you have learned. This committee will have to make lots of choices.

If we approved every request, the defense budget would be triple. We have to make some very painful decisions.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you.

Senator Lautenberg.

Senator LAUTENBERG. Thank you, Mr. Chairman, and welcome, all of you. And as you might guess, I, too, have an interest in what happens with the Guard and Reserve. Coming from New Jersey, I am sorry that Senator Leahy left the room, because I was going to propose that the clean air he purports to have up in Vermont with those narrow roads does not allow the kind of mobility needed. But we are all good friends here. [Laughter.]

I am sure that as long as we continue to have our emplacements in New Jersey we will all get along OK. [Laughter.]

But I did welcome this opportunity, Mr. Chairman, to have some dialog and to get some clarifications in terms of what the plans are, pursuing the questions that Senator Leahy had put forward. I take it that there has not yet been an evaluation, Mr. Secretary, of the relative importance of Reserve to total readiness to total mission yet that would cause anybody to go back over the plans for reductions; not yet, anyway.

GUARD VERSUS RESERVE IN THE PERSIAN GULF

The reductions have been prescribed somewhat earlier and that had the political as well as the military missions in mind that obviously connect. And I would hope—unless I misunderstand or misunderstood what took place. I was in Saudi and Kuwait and the theater 2 weeks ago with 16 other Senators, and last week I was in Egypt and Israel trying to get some sense of how each these countries saw their future needs and what they would look to us for.

Can you just refresh my memory what percentage of the roughly 540,000 people in theater came from Reserve or Guard units?

Mr. DUNCAN. It would be roughly 20 percent, about 106,000 and that involves all of the Reserve components.

Senator LAUTENBERG. How much of that was Guard, per se?

General CONAWAY. Just under 50,000—almost 40,000, or just under 40,000 Army Guard and about 7,000 Air Guard.

Senator LAUTENBERG. And the performance levels, generally, as we heard, were very good. And by no means am I a military expert after having served 3½ years in World War II and having achieved the rank of corporal in that short period of time. [Laughter.]

By no means do I qualify as an expert, although I would like to pretend so. But in any event, what we saw was, at least, a reevaluation of the role that the Reserve units, both Guard and Reserve, play, when I am sure you are going through a constant discussion or review about the readiness of units, what types of units were most affected.

What I heard in my visit there from the senior field officers was that in the best—in most cases, the best service was obtained by those who, in their civilian role, perform a mission similar to that which they would have performed when called up. Medical, administrative, truck driver, you name it.

Mr. DUNCAN. That is certainly true, although I would hasten to add that, as an obvious example, there are many people who performed military missions with outstanding results whose civilian occupations do not translate directly. That may be a function of their previous military experience, high motivation, or any number of things.

We do find that in an all-volunteer Reserve force that is highly motivated, a lot of people who look at training, for example, are surprised that some things should take longer than necessary, do not take so long simply because high motivation and energy often makes up for lack of training. And we have such an intelligent force. We had one Army Guard brigade that was being modernized on new equipment even while it was being trained. That surprised a lot of people.

ROUNDOUT VERSUS TOTAL FORCE

Senator LAUTENBERG. How about the other side of the coin there, Mr. Secretary, those who were called up that did not quite have the readiness level? And we saw that in the news that some of the units needed more training than they thought and were held stateside because they were not quite ready. Was that a particular type of mission that covered that area?

Mr. DUNCAN. You are talking about—before the Senator arrived we spent some time in a previous hearing talking about the three roundout brigades in the Army National Guard who performed very well and did everything they were asked to do. And one of them was designated as ready for combat just as the ground war was coming to a conclusion.

The total number of soldiers involved represented only about 7 percent of the total number of reservists that were called up. They performed very well. The confusion that has been causing so much frustration for me in recent weeks is that people who do not understand the roundout versus the total force concepts have reached broader conclusions that are factually inaccurate.

We must also keep in perspective what we plan to do with the large ground maneuver units versus Air Reserve component units. Secretary Cheney has said, and I agree, that we are going to be studying this conflict not just for months but perhaps for years for lessons learned. We are in a dynamic process in the Pentagon, constantly reevaluating what Reserve forces can do and what missions they might be able to perform in light of the conflicts that we see that they may have to fight.

Senator LAUTENBERG. Because the one thing that I saw that was, I thought, startling, was the fact that for the first time we are looking at a post-cold war era and, therefore, all kinds of strategies, political, economic, et cetera, and, I assume, military. The Desert Shield and Desert Storm showed us how necessary it is to have quick force deployment.

The Air Force—all members of the military, I think, served with distinction. But because of the volume of the personnel on the Air Force, it was quite an incredible undertaking, whether it was the MAC movement, the Strategic Air Command flight, or the combat units themselves, including, of course, our friends in the Navy. It was remarkable. And we now have, I think, a new set of conditions that will cause us to study what we ought to be preparing for.

From a relatively uninformed standpoint, I see us with all kinds of calls being made to land forces very quickly in some remote areas and, obviously, different climates and temperatures, and otherwise. And I would hope that in the evaluation of the mission of the Guard that we recognize the value of having that force ready, well trained, well equipped, ready to go when we need them. And so we will watch that with interest.

POST-COLD WAR WORLD

Mr. DUNCAN. Senator, let me just respond quickly. The structure—the budget that the President has submitted does reflect the post-cold war world, in our best judgment. It reflects the military strategy that was about to be announced last August for this military strategy that we still subscribe to, and we believe it will prepare us for the future.

Senator LAUTENBERG. Well, when I see, Mr. Secretary, the B-52's having to cover the distances that they did before they got to the target, that is a very difficult exercise. I think it placed a toll on the personnel and on the equipment, et cetera, and I would imagine there has got to be a rethinking of base structure around the world. What is the role of the aircraft carrier as seen from the results of the Desert Storm, et cetera.

And I think it is going to need more time, after having just completed this operation, to kind of get through and give it the appropriate study that it needs. I see the United States in quite a different role than it used to be, one that we are all very proud of and where we saw our military perform so well.

General CONAWAY. You make a good point here on whether it is the power projection of the force, the Army, Navy, or Air Force. The mobility phase of getting them there is so critical, like the C–17 that is in the budget and like the tankers. We have a New Jersey Air National Guard that has tankers, and we are going to get more KC–135's.

And some of the unsung heroes of this whole conflict in the early days before the ground war started, and even with the ground war, were the KC–135's and the KC–10's. None of the allied coalition force, including the Navy, could have participated in this conflict without the Air Force refueling tankers. I hear it from admirals.

I have a son that is a lieutenant commander that flew combat right over there out of the Red Sea, and he said, "We could not have done it." The only bright spot—one of the bright spots they had coming back after being shot at the first few days by everything that they could throw up but the kitchen sink, was to come back and debrief and say, "What State did you refuel behind today?" "Oh, I refueled behind New Hampshire," or Maine, or New Jersey, or Alaska, or Tennessee. And "Oh, I refueled behind my home State today, Pennsylvania."

And that was a big thrill that they got to go do that. So that projection of the airlift force, and the sealift, too, which is very important, because all of the forces cannot be ready to go. You know, you can give us the money to train up all of our brigades and go in 15 days; how are you going to get them there? It takes so long to get there—the sealift can only take a few divisions.

Senator LAUTENBERG. I met—I was down at McGuire and talked to some of our people in the 170th Air Refueling, and I think somebody—one of the Military Air Command units—had to put some clothing on a woman that was painted on the fuselage there to pass muster in Saudi Arabia, but they seemed to function all right.

ROUNDOUT CONCEPT

General BURDICK. Senator, if I could comment, too. You know, as late as the day before yesterday, Sunday, General Vuono addressed the senior leadership of the Army National Guard, and I hold a senior commanders conference. And there were over 300 senior leaders there. He again reaffirmed the viability of the roundout concept, and I think we have to look at that to ensure that those roundout brigades—and with the new plans that are still the roundout brigade concept and the roundout battalion concept, that has not gone by the board. We have to ensure that they are fully resourced.

Now, all war planes, except for some rapidly deploying company-size units, call for a postmobilization trainup. The 48th was always to follow on the 24th by the time the last element of the 24th deployed the first elements of the 48th. And as we all know, during this operation that was in excess of 60 days for the 24th to deploy their last element. And so there is always that postmobilization trainup.

Now, again, our readiness reporting system, where we often refer to the C's, the C–3 or C–4 system, does not resource even the roundout units as the highest level. In other words, their A load 2 or C–2 was a resource. The 48th was at C–2. The other brigade was at C–2. One brigade was C–5, because it was undergoing new equipment training. And that was the unit from Louisiana, the 265th. It was undergoing Bradley training at that time.

Now, again, because of resource, we have a parts list called an authorized stockage list. Now, we do not have the wartime demand on that when we are in peacetime, and so the Guard does not have all the parts on hand for that. This, coupled with the fact that the roundout brigade did not mobilize, deploy, right with the division, train up with the division, we did not when—go out—when we went out to the NDC, had the division slice.

And so the two direct support maintenance companies had to move out there to support. And so it was kind of an atypical situation. I do not mean to say that there were not some shortfalls in all of this. Then the requirements that take, like, a 13-bravo and infantrymen—we required them to be a minimal three-digit qualified. Here you had to be five-digit qualified That meant that 300 infantrymen were not fully qualified.

All of this we are going to have to take a look at and see that we shore this up, but we are going to need resources for it.

Senator **Lautenberg**. As a consequence of this discussion, I have got to talk for a moment about the 50th Armored Division headquartered in New Jersey near that technical, very efficient, and modernized technology training center at Fort Dix. I have fond memories of Fort Dix, one going and one coming. Having picked cigarette butts off the parade ground there, it gives me a certain attachment.

It has a major impact in the region, and we think there is a certain readiness element having to do with transportation access, whether it is Bayonne at the terminal, or McGuire, or Dover. These are all very convenient and would help when required in a rapid deployment situation again, as we saw coming out of McGuire Air Force Base. Is that the 21st or 22d? The 21st.

And so I find it difficult as I look at the personnel reductions, now about 6,000 I think thus far, in the Guard units. And looking at the possibility of some reevaluation for the headquarters, it concerns me and it concerns me from several standpoints, not the least of which is that it is my understanding that this is a pretty well-developed unit, that the evaluations are very good on the 50th armament, that there has been substantial sums of money spent getting that training facility up to where it is, that any relocation would mean a duplication of those expenses, in some form, elsewhere.

And I would hope that this is something that is going to be considered with a great deal of concern and review so that we do not shut down one facility—we have a problem with Fort Dix, as all of you know, in the decision by the Base Closure Commission. There were statistical errors made, and it was as if Simon Says came into play. Once having said it, we could not change it, and I think it was regrettable.

There has been a lot of money invested in that facility. Fort Dix is as ready a training facility as we have in the country, and nevertheless, it is scheduled to be reduced substantially. Well, I would hope that the 50th Armored does not suffer the same kind of a decision. Something made—and I do not mean to suggest any casual character to this, but made somewhat in the abstract. And I wonder if you can give me an update, any one of you, about what thinking there is.

General BURDICK. Sir, in accordance with the directed force structure decrements we have been directed to combine the three divisions up in the northeastern United States, so that would take the 50th, the 42nd, and the 26th, into one division, and it would make significant reductions in force structure.

Now, along with that, as I mentioned to you and Senator Leahy, we are going to have to redistribute some force structure, too, and all States in the region will be affected by this.

Senator LAUTENBERG. When you get down to the single unit, what does that mean by way of a headquarters structure?

General BURDICK. Well, sir, there would be one division headquarters. Now, there would be a brigade in each one of the States—each one of the larger States, but again we have several States, so that would have to be spread out. The final decision as to where the division headquarters would be located. A proposal has been proposed but we have not made a final decision on it.

Senator LAUTENBERG. Well, I would appreciate it, General, if in the process of review that you could keep my office informed. We think the facility earns the right for it to be retained there, and I would look to you for any comments or any views that you have.

General CONAWAY. We certainly will, sir. General Burdick and the Army and we are going over this almost daily, agonizing over how we can change the structure and reduce the structure based on how it may come out. We are working very hard on this issue every day.

Senator LAUTENBERG. Well, I would thank you very much, gentlemen, and thank you, Mr. Chairman.

Senator INOUYE. Thank you very much, gentlemen, and I thank you on behalf of the committee. You have been most helpful.

Many of us have questions we would like to submit to you for your consideration and response.

FINAL PANEL CALLED

Our next panel, the final panel, consists of Secretary Duncan, Maj. Gen. William F. Ward, Chief, Army Reserve, Rear Adm. James E. Taylor, U.S. Navy, Director of Naval Reserve, Maj. Gen. Hollis E. Davison, U.S. Marine Corps, Assistant Deputy Chief of Staff for Manpower and Reserve Affairs, Headquarters Marine Corps, and Maj. Gen. John J. Closner III, U.S. Air Force, Chief of the Air Force Reserve.

[A brief recess was taken.]

Senator INOUYE. Gentlemen, welcome. May I now call on General Ward?

ARMY RESERVE

STATEMENT OF MAJ. GEN. WILLIAM F. WARD, CHIEF, ARMY RESERVE

General WARD. Mr. Chairman and distinguished members of the subcommittee, it is a pleasure to be here today representing the more than 600,000 men and women, citizen-soldiers of the Army Reserve, and the 124,000 retirees around the world who are serving our Nation in the Persian Gulf and to present the fiscal years 1992 and 1993 appropriation request. I would like to submit my prepared statement for the record.

I would like to focus on but a few topics. This year, as we discuss the President's budget request, thousands of men and women in the Army Reserve are serving in the total force with our coalition allies halfway around the globe. I share the pride of our leaders, and I am sure, the members of this committee, in the patriotism and the courage of these outstanding soldiers.

RESERVE PERSONNEL, ARMY

The "Reserve personnel, Army" account requests for fiscal 1992 are $2.2 billion and $2.1 billion, respectively. The 1992 figure is a decrease of $170.5 million from fiscal 1991, which reflects the Selected Reserve end-strength reductions from 291,300 at the end of 1991 to totals of 282,700 at the end of fiscal year 1992, and 254,500 in fiscal year 1993. Special training and mobilization training will suffer in reductions disproportionate to strength decreases. While these decreases leave sufficient funding for minimum training, they will force us to make some very difficult choices on the relative priority of various essential training opportunities.

The Army Reserve participated in Operations Desert Shield and Desert Storm from the very beginning. Army Reserve personnel included the whole range of combat support service, combat service support, and indeed, one combat battalion.

OPERATION AND MAINTENANCE, ARMY RESERVE

The "Operation and maintenance, Army Reserve" account budget requests for fiscal years 1992 and 1993 are $937 million and $973 million respectively.

We remain concerned about the $72.7 million fiscal year 1991 maintenance and repair backlog, which reflects a widening gap between our need for facilities and our ability to pay for them. Accordingly, continued support for our facilities budget is essential to prevent an increase in an Army Reserve construction backlog approaching $2.4 million.

In summary, while the uncertainties in the year ahead present many challenges, I remain entirely confident that the men and women of the Army Reserve, when they are properly resourced and properly trained, can and will continue to do the jobs and accomplish the missions assigned them just as they have done in Desert Shield and Desert Storm.

CONCLUDING REMARKS OF GENERAL WARD

In these times of tight budgets, our citizen-soldiers, by virtue of their being part time, are the best bargain in the DOD. Their superb performance and sacrifices in the gulf are a source of pride for us all and the Congress has our gratitude for the support it has given and continues to give them.

On a personal note, this may be my final appearance before this committee as Chief and Commander of the Army Reserve. I want to thank you personally for the strong and unwavering support you have provided the citizen-soldiers of the Army Reserve in the past. Your confidence in the dedication, abilities, and the solid professional achievement of the members of the Army Reserve has made possible their splendid record during Operation Desert Storm. Indeed, it is no exaggeration to say that, without your help, those reservists would not have been as ready as they clearly were, and they would not have been able to play their critical role in the total force and the success that it achieved so overwhelmingly.

I ask your continued support for the Army Reserve in the challenging days ahead and for the new Army Reserve Command that you have helped support and establish. It is still very much in its formative stage, and the test phase Congress has directed will continue until October 1992.

At the same time, the Army Reserve will be redeploying its forces from the desert and other Operation Desert Storm locations back home. It will begin the challenging process of reconstruction in the face of total force changes and reductions in the total Army structure. The Army Reserve and my successor will need your assistance in helping the Army Reserve continue to play its vital role in support of our Nation's defense. Once again I thank you, and I salute you for all you have done and all you will continue to do in support of any citizen-soldiers. I am ready to answer your questions at this time.

Senator INOUYE. Thank you very much, General Ward.

[The statement follows:]

STATEMENT OF MAJ. GEN. WILLIAM F. WARD

Mr. Chairman and distinguished members of this committee, it is a pleasure to be here today, representing the more than 600 thousand men and women citizen-soldiers of the Army Reserve and the over 124 thousand retirees with hip pocket orders, around the world and serving our Nation in the Persian Gulf, to present the fiscal years 1992 and 1993 Reserve Personnel, Army, and Operation and Maintenance, Army Reserve, appropriation requests.

This year, as we discuss the President's Budget request, thousands of the men and women of the Army Reserve are serving with their brothers and sisters in the Total Force and America's coalition allies half way around the globe. I share the pride of our leaders, and I am sure, the members of this committee in the patriotism and courage of the men and women of the armed forces who served in the Persian Gulf. As General Powell has noted, while we may discuss equipment, training, and strategy, "it all comes down to dedicated men and women willing to put their lives on the line for our country—men and women such as those * * * in the Gulf today."

The recent conflict in the Persian Gulf and the unprecedented rush of change in the 1990's confront both the Army Reserve and the Total Army, of which it is an integral part, with significant challenges in meeting strategic defense requirements. Consequently, we are continually analyzing the size, structure, mix, mission, and stationing of defense forces across the world. After this analysis is complete, and our forces return from the Middle East, we will doubtless see a smaller Army with more of its force found in American territory and new outposts. This clearly will mandate corresponding changes in the Army Reserve and the key role it plays in the Total Force, especially in rounding out the active force and in providing support units. The superb performance of Reservists in the Persian Gulf proves how particularly well suited they are to meeting contingencies and augmenting Active component units. Both President Bush and Secretary Cheney have stated that the American forces could not perform their mission without the contributions made by the reserves. The essentiality of keeping our reserve force highly trained and effective is beyond dispute.

America faces unique political and strategic challenges, and the agendas of both the Army Reserve and the Total Army will be dominated by the need to deal with this turbulence and uncertainty over the years ahead. The Army Reserve looks forward to playing an essential role in any planning for future contingencies.

The Reserve Personnel, Army, budget request for fiscal years 1992 and 1993 is $2.2 billion and $2.1 billion respectively. This is a decrease of over $170.5 million from fiscal year 1991 and reflects Selected Reserve end strength reductions from 291,300 at the end of fiscal year 1991 to totals of 282,700 in fiscal year 1992 and 254,500 in fiscal year 1993. Special Training and Mobilization Training suffer reductions disproportionate to strength decreases. While these decreases leave sufficient funding for minimum training, they will force us to make some very hard choices on the relative priority of various essential training opportunities.

Beginning now, we must make difficult choices between retaining existing structure and activating programmed structure. We will base our decisions upon an objective analysis that leads to the force best suited to facing contingencies and warfighting requirements of the foreseeable future.

Given the recent unprecedented events in Europe, Central America, and the Persian Gulf, foretelling everything that might affect the Army is virtually impossible. However, this uncertainty makes maintaining the readiness of the Army Reserve all the more essential. In the case of Desert Storm, the Army Reserve was called upon and responded well. However, this response would not have been nearly so successful had it not been for the full-time support personnel, who, by administrating, planning, and maintaining equipment, allow drilling Reservists to spend more of their limited drill time actually training. Full-time support personnel enable Reserve units to effectively replace more expensive Active component units. This makes Active Guard and Reserve (AGR) soldiers and military technicians a particularly prudent investment in an era of constrained budgets.

The fiscal year 1992 budget shows a decrease in full-time support of 2,541. This decrement keeps the level for the Army Reserve at 9.5 percent (which remains the lowest of any Reserve component and well below the congressionally recommended level of 14 percent). Retaining the fiscal year 1990 full-time manning level will solve part of the problem. The remainder of our fulltime support needs can be met by increasing the transition of highly qualified active duty soldiers into the Army Reserve's Full-Time Support Program. However, this will only be true if these active duty soldiers are added to the program rather than merely being substituted for already qualified AGR soldiers.

For example, we expect that reductions in the Active component will permit the transfer of much needed equipment to the Army Reserve. Adequate maintenance of this modern equipment can best be promoted by availing ourselves of the opportunity to transfer as many fully trained and experienced Active component maintenance personnel as possible to Army Reserve full-time support positions. When maintenance personnel transfer with the equipment they maintain, neglect and deterioration of sophisticated and expensive items is minimized, training costs drop, and unit readiness is significantly enhanced. No other factor is more essential in determining Reserve readiness.

The Individual Ready Reserve (IRR) is the Army's principal source of trained military personnel to serve as replacements or fillers for both Active and Reserve component units. Supporting the Total Army, the IRR constitutes the Nation's largest pool of deployable and trained individual manpower. Its strength has grown from 213,000 in fiscal year 1981 to a fiscal year 1990 end strength of over 284,000. However, as the result of downsizing the active Army and the effects of the 8-year military obligation, the IRR is expected to grow to 433,170 by the end of fiscal year 1992. Twenty thousand IRR soldiers were activated to support Operation Desert Storm and did a superb job of demonstrating how well the IRR can perform its mission.

During the last fiscal year, Army Reserve units and soldiers participated in a wide variety of training exercises that not only improved readiness, but also demonstrated our ability to perform augmentation and contingency operations. Several years of outstanding training have been a key to this success.

One very important program is overseas deployment training (ODT), which offers Reserve soldiers the opportunity to mobilize, deploy to an overseas theater of operations, and train with their Active component counterparts. Over the past 5 years, an annual average of between 19,000 and 20,000 Army Reserve soldiers from about 1,400 units participated in ODT. This training takes place in over 50 different countries and includes over 20 major overseas exercises a year. ODT has proved to be particularly beneficial to Army Reserve participation in the Gulf. Last year the Army Reserve was a key player in Exercise Bright Star, one of the Southwest Asia's most valuable exercises. Our soldiers also took part in several smaller deployments in the region to train in a wide variety of skills. These have included water management, engineering projects, medical support, and humanitarian programs.

During the past 5 years, the Army Reserve has also expanded its mobilization exercise program. This greatly contributed to the smooth call-up of USAR units for Desert Shield/Desert Storm. Along with ODT, the mobilization exercise program has paid big dividends in Desert Storm. These exercises have been largely responsible achieving two important wartime goals: accomplishing the military mission and preserving the lives of our soldiers.

The United States Army Reserve participated in Operations Desert Shield and Desert Storm from the very beginning. Army Reserve transportation corps units already on annual training, along with volunteers from units that were not, were responsible for the timely loading of tanks and other vehicles of the 24th Infantry Division, 101st Airborne Division (Airmobile) and the 1st Cavalry Division. This occurred prior to presidential authorization of a Selected Reserve call-up under 10 U.S.C. 673b.

Since the presidential call-up in August, 1990, nearly 650 units, over 800 Individual Mobilization Augmentees, over 1,250 retirees, and 20,000 members of the IRR plus over 1,150 IRR volunteers have been activated. As of this date, over 80,000 Army Reservists have been called to active duty in support of Operation Desert Storm. Over 45,000 personnel were assigned to more than 430 Army Reserve units in Saudi Arabia. Twenty-two units performed important duties in Europe freeing Active component units for deployment to Saudi Arabia, and nearly 200 additional units, with nearly 6,000 personnel, expanded the training, support, and medical base in the United States.

Army Reserve participation in Desert Storm includes the whole range of combat, combat support, and combat service support missions. Central Command, which directed Desert Storm, could not operate without the military police, legal, transportation, chemical, petroleum, water production, medical, dental, personnel, postal, ammunition management, supply, and maintenance services provided by our Army Reserve units.

Operation Desert Storm has dramatically affected the equipment posture of units of the Army Reserve. The Army Reserve supported Operation Desert Shield/Desert Storm with units and equipment valued at over $6 billion. Deploying Army Reserve units cross-leveled equipment to the Army standard for deployment. The Army Reserve also provided support to the National Guard units that had been activated for Desert Storm by providing 42 high mobility multipurpose wheeled vehicles (HMMWV), one laundry unit, and 13 5-ton trucks.

The Army accelerated deliveries of material acquired through the Dedicated Procurement Program (DPP) rushing 1,055 5-ton trucks to deploying units ahead of schedule. DPP funding provided a significant influence in equipping Army Reserve units. Twenty-six 5-ton trucks, 150 tractors and semi-trailers, and 300 M–60 machine guns were sent directly to the theater to expedite equipping of Reserve units.

Here in the United States, Army Reserve hospitals and other medical units have been key to maintaining health care for the hundred of thousands of dependents who were left behind as soldiers deployed to the Persian Gulf. They were also absolutely critical to ensuring that the finest medical care would be provided to casualties evacuated from the theater.

Also participating in the Continental United States' support of Desert Storm were the Army Reserve training divisions. For the first time they performed their mission of expanding the training base. Approximately 25 training battalions, with required command and control headquarters and support units, provided refresher and military occupational specialty training to Individual Ready Reservists called-up for Desert Storm service.

The fiscal year 1992 request also includes $60.2 million for incentives and $23.0 million for education benefits. For fiscal year 1993, $51.1 million is requested for incentives and $21.9 million for education benefits. Although there are some decreases associated with declining end strength, there is a significant increase in incentives for health professionals, i.e., the extension of a recruitment bonus test through the end of fiscal year 1992. These incentives and educational entitlements serve as an extraordinary measure to assist the Army Reserve in meeting and sustaining manpower requirements in a post Desert Storm environment. The incentive program pays a variable bonus to Army Reserve enlistees who will acquire critically needed skills or who will fill vacancies in high priority units. The education benefit program helps build a stronger and better educated Army Reserve. These education and incentive programs are complementary and both are essential to meeting our strength goals. Of particular value is the Montgomery G.I. Bill and its "2x4" option, which provides a $300 per month benefit to soldiers serving on 2 years of active duty followed by 4 years of service in the Selected Reserve. It attracts both civilians and soldiers leaving the Active component, and the education it provides serves both the Army and the national economy well.

The Operation and Maintenance, Army Reserve budget requests for fiscal years 1992 and 1993 are $937 million and $973 million respectively. These figures do not include Special Operations Forces operation and maintenance funds that are in the Defense operation and maintenance account for fiscal year 1992 and out. In accord with Army Reserve strength and force structure decreases, we are also reducing our civilian end strength: from 12,698 in fiscal year 1991, to 10,813 in fiscal year 1992, to 9,775 in fiscal year 1993.

The level of Army Reserve equipment on hand continues to improve. Since fiscal year 1981, the Army Reserve has received roughly $1.5 billion of equipment from a combination of the Dedicated Procurement Program and normal Army procurement. We are very grateful for the congressional funding that supported these equipment purchases, which have improved both training the ability of the Army Reserve to perform its vital mission. This ability paid big dividends in the Persian Gulf.

We remain concerned about our $72.7 million dollar fiscal year 1991 maintenance and repair backlog, which reflects the widening gap between our need for facilities and our ability to pay for them. Accordingly, continued support for our facilities budget is essential to prevent an increase in an Army Reserve construction backlog of nearly $2.4 billion.

In summary, while the uncertainties of the years ahead present many challenges, I remain entirely confident that the men and women of the Reserve components, when they are properly resourced and trained, can and will continue to do jobs and accomplish the missions assigned to them. In these times of tight budgets, our citizen-soldiers, by virtue of their being part-time, are the best bargain in DOD. Their superb performance and sacrifices in the Persian Gulf are a source of pride to us all, and Congress has our gratitude for the support it has given and continues to give them.

NAVAL RESERVE

STATEMENT OF REAR ADM. JAMES E. TAYLOR, USN, DIRECTOR, NAVAL RESERVE

Admiral TAYLOR. Thank you, Mr. Chairman. It is a pleasure to be before your committee this afternoon and represent our approximately 152,000 selective reservists, and especially the almost 20,000 reservists who were recalled for Desert Shield/Desert Storm.

I cannot tell you how proud I am of those particular individuals. They reported when they were called. They were highly skilled and effectively trained, and well-motivated, and they performed magnificently. In fact, I continue to receive accolades from field commanders on how well our Reserves performed, and I have included anecdotes in my statement.

With those brief remarks, I would be happy to take your questions.

[The statement follows:]

STATEMENT OF REAR ADM. JAMES E. TAYLOR

Mr. Chairman and members of the committee, I am pleased to have the opportunity to appear before you today. I could not think of a better time to discuss the Naval Reserve and its role in our Total Force. And I cannot imagine a more appropriate place to discuss our status and future than here on Capitol Hill, where the Naval Reserve has enjoyed such strong support.

Let me describe the current state of the Naval Reserve as measured by our performance in Operation Desert Storm. This, Mr. Chairman, will be what I proudly call a "good news" story.

Congress has invested heavily in our program and, while we don't as yet have a complete scorecard from Desert Storm, I can tell you with confidence that your investment of the past decade has paid off.

A common Navy hallmark is captured by the phrase "hit the deck running"; that is, to come aboard a ship or other command and assume your billet completely ready to do your job with little, or no, additional training required. That, ladies and gentlemen, has been the story of the Naval Reserve in Operation Desert Storm.

The Naval Reserve literally hit the deck running. As of 19 March, we have activated approximately 20,000 Ready Reservists from our force of about 130,000 drilling Reservists.

More than 6,500 of the men and women we have recalled to date are serving in the Persian Gulf. They are helping in the massive logistics effort for Desert Storm. They are manning minesweepers, harbor defense units and providing medical support, to mention only a few of the many—and varied—jobs they are holding. But, wherever they are serving, they are bonded by a common theme—"Ready to Go!"

They were ready to go when they were needed. And when called, they went quickly, cheerfully and willingly. When they arrived at their duty stations, they literally rolled up their sleeves and went to work—almost immediately. For example, a Cargo Handling Unit from Charleston, S.C., was on the job on the piers in Rota, Spain, helping load a fast sealift ship within 72 hours of recall notification and only 90 minutes after their arrival in country!

Thanks to having a system of clearly identified mobilization billets for each of our 130,000 drilling Reservists, every man and woman in a drill pay status knew what they would be expected to do on being activated. Their training, their drills and their two-weeks of active duty, were all focused on assuring their fully qualified status. I don't mean to suggest we were 100% geared up for the specific type of war fought in the Gulf, but we have long attempted to marry the needs of the active force with the skills of our individual members and units. That maximized our performance and made possible the best use of our personnel.

I am pleased to tell you, the system worked. Yes, there were factors we had not foreseen or anticipated—that is to be expected. But we had the flexibility to adapt, improvise and overcome. The recall imposed some hardships on some of our members. Mobilization is not a happy prospect for anyone. No one likes being called to duty because of armed conflict.

But our members, almost to an individual, quickly put aside their civilian lives. They left what, in many cases, were higher paying civilian jobs and well-established careers. They left their families, friends and sometimes their own businesses and employees, for the common good.

That high level of enthusiastic response did not surprise me. Long before Desert Shield, I had visited numerous Reserve centers around the country where I was impressed by the patriotism and professionalism of our Reserve force. I knew our Reservists would be ready, if needed.

What impressed me even more since this operation began is how our Naval Reservists performed on active duty. Quietly, professionally, they got the job done—and more. They validated the policy of "Total Force."

To date, we have called up only 15 percent of the Selected Reserve. More than half of those activated were in our medical program. These were critically needed medical specialists, required in most cases to replace active duty personnel who had deployed to the Gulf from stateside medical treatment facilities. In all, we activated approximately 10,000 health care professionals who deserve special recognition. Many are physicians who left well-established medical practices to serve. Others are nurses and other health care providers who occupied vital roles in their home communities and today are ensuring that our military men and women—and their dependents—receive the best health care possible.

A second major component of our mobilized force is our logistics support personnel. We activated approximately 2,500 Reservists in this category, including four aviation squadrons which fly the C–9 aircraft. Others are weapons handlers and support personnel at air stations and other bases that are in the long chain directly supporting operations in the Gulf. In addition, we called about 800 others in cargo handling units, 89 in our Naval Control of Shipping Program and almost 400 more to assist the Military Sealift Command. As you know, the Naval Reserve contains a high percentage of the Navy's Construction Battalions: about two-thirds of the famous Navy Seabees are Reservists. We recalled two Reserve battalions, about 2,500 people, to active duty.

We provided two Naval Reserve Force minesweepers with their Reserve crews to the fleet for service in the Gulf and more than 1,800 Reservists augmented other ships. Our Intelligence Program brought nearly 400 people on active duty and we supplied 900 others in various support roles, from public affairs specialists to chaplains.

The result has been to place our personnel in a wide variety of Navy jobs. Once on active duty, of course, they report to their gaining commands—not to me. But the reports I have received from their active force commanders have been overwhelmingly positive. They appreciate the quality of our people, their attitude, their knowledge, their professionalism and their state of training. In short, the Naval Reserve quickly became an integral part of our Total Force team in the Gulf and elsewhere. This is exactly the role we envisioned for our Reservists and, I think, illustrates the value of the policy you have so strongly supported.

Having said that, please let me add that we have been constantly monitoring this mobilization to discover new and better ways to recall our personnel. As I mentioned, activation of personnel during times of uncertainty is inherently stressful and disruptive. We want to make certain that when we interrupt our Reservists' lives, that we do our best to make the sudden transition to military life as smooth as possible.

In that regard, we learned early on that we needed to provide our Reservists with adequate lead-time to plan for their activation.No amount of planning can help us anticipate all the problems that 23,000 individuals might encounter. Consequently, we now give Naval Reservists being recalled 10 days lead-time in which to arrange their personal and business affairs before they report for duty. We have discovered that many individuals often need this much time, and providing them a reasonable period of time makes them much more focused and productive on active duty.

This is, of course, the first major mobilization of Reserve assets the nation has seen in 20 years. Indeed, it appears likely to be the most prolonged mobilization of Reservists since the Korean War. Congress has already begun to address many of the problems Reservists face through the revision of the Soldiers and Sailors Civil Relief Act as well as other initiatives. On behalf of our Reservists, I thank you for your consideration and support of these issues.

As anyone who has gone to sea for a prolonged tour can tell you, leaving home is only one trauma that active military service can entail. Upon returning, after the happy homecomings are over, the related readjustment problems that confront military personnel and their previously separated family members are frequently even more difficult.

Aware that we have disrupted the lives of many families, in some cases separating mothers from their children, I want to assure you that the Naval Reserve has gone "all out" to ensure that demobilization is as easy as possible for our members. It is my basic conviction that we owe it to our members to go the extra mile, if you will, and do as much as we can to help ease their transition back to civilian life.

As a result, in early February I established a special task force to craft a plan both to look out for the families of our recalled Reservists while they are away and, when they return, facilitate their transition back to civilian life. "Project RESTAR" Reserve Transition and Recognition—is a Naval Reserve effort to coordinate and focus programs which already exist from the Department of Veterans Affairs, Navy and Marine Corps Relief Society, Employer Support of the Guard and Reserve, Navy Family Service Centers and others to assure that our Reservists and their families receive the widest possible levels of support upon their return. We know that it is important for the Naval Reserve to demonstrate tangibly to our people our concern for their wellbeing and we want their employers, family members and the general public to know how proud and grateful we are for their contributions.

We also want to assure their ability to successfully meet any financial, family or job-related problems they may encounter. While we cannot hope to help resolve every problem of every Naval Reservist, we can do our best to ensure that their patriotism and dedication to duty are acknowledged and appreciated and that they are not penalized by society or "the system." They did the right thing for their country. And the Naval Reserve intends to do the right thing for them!

This is a case where an ounce of compassion will go a long way toward preventing the chasm of alienation that could exist if our people returned with the perception that no one cared about their plight. I have directed each Naval Reserve center and Naval Reserve air site commanding officer to implement this initiative—a "people" oriented program—to help our returning personnel.

As a member of the Navy's leadership team, I can assure you that we will be monitoring all the after-action reports for ways we can improve the Naval Reserve. As much as I personally hope that there never will be another Desert Storm, history suggests that there will come another time when the Naval Reserve will again be called to go in harm's way.

Our present goal is to learn the lessons of this war to refine and hone our skills. I know that we will emerge from this experience as a validated player in the Total Force, having proven our value as a vital team member.

As we look for ways to improve our force, one important goal will be to maintain our ability to respond quickly with pre-trained manpower, one of the key elements to our success in Desert Storm. I believe we can do this best by continuing our strong program of mutual support and training with the regular components of the active Navy. We want to make certain that any new missions which may be assigned to the Naval Reserve are those we can handle well. It would be false security to give the Naval Reserve a mission that cannot be adequately supported merely to say that the program remains in the Navy inventory.

More specifically, we will continue to modernize the force during fiscal year 1992. Our final F/A–18 squadron will be in transition and we will have three maritime patrol squadrons in transition to the P–3C aircraft. We will also upgrade the SH–2F helicopters in our inventory with improved ASW gear.

On the surface side, two of our ASW frigates will receive the SQQ–89 ASW systems. The Innovative Naval Reserve Concept will result in the designation of eight FF–1052 class frigates in the Naval Reserve Force as FFTs in FY–92. Four ships will be decommissioned and laid up in a 180 day ready-for-sea status in FY–91. By FY–93, a total of 32 ships will be in a laid up status to complete the program.

Important as these hardware items are, though, they will be for naught if we mishandle our most important asset, our people.Whatever the shape of our program, our people will be Priority One!

I will be happy to respond to your questions.

AIR FORCE RESERVE

STATEMENT OF MAJ. GEN. JOHN J. CLOSNER III, USAF, CHIEF, AIR FORCE RESERVE

Senator INOUYE. Major General Closner.

General CLOSNER. Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to share for my first time a picture of the Air Force Reserves, the current status, and the challenges that we face.

In my opinion, we have just completed the best check of our readiness responsiveness in history. We have proven the claim that Air Force Reserve units can be promptly mobilized without additional training.

AIR FORCE RESERVE ROLE

The Air Force Reserve played a significant role in Operation Desert Storm by providing over 24,000 combat and support personnel from 215 separate units, and we are going to continue to make significant contributions during the redeployment and demobilization phases.

With unsurpassed professionalism, our personnel flew tactical fighter, tactical airlift, strategic airlift, special operations, and aerial refueling missions, as well as providing aeromedical support and air medical evacuation and air base operations and ground defense. We were prepared to assume additional responsibilities had that become necessary.

Between August 2 and August 25, and prior to Presidential recall or mobilization, over 35 percent of the Reserve flying personnel and strategic airlift and refueling units responded on a voluntary basis. Voluntary participation peaked in late August, with nearly 6,000 personnel in all specialties on active duty orders.

Significantly, we had over 10,000 additional personnel requesting to serve. This is a clear picture of the level of dedication, patriotism, and professionalism found throughout the Air Force Reserve.

Operation Desert Storm confirmed our assumptions and the trust of our active duty counterparts regarding the use of the Reserve forces. Our decision to train units to full wartime readiness has proven correct and allowed us to quickly recall and deploy forces that are virtually indistinguishable from active duty units. We were pleased with that and what we accomplished in 1990 and 1991, and are proud to be a part of the best air force in the world.

We owe a special vote of thanks to the families and employers who supported the men and women of the Air Force Reserve and made their achievements possible. Without this teamwork, the frequent absences from home and office for attendance at training activities the fast-approaching 21st century military would severely task even the strongest patriots.

Finally, the superb support the Congress has seen fit to provide to reservists, their families and their employers is essential and gratifying.

Mr. Chairman, this concludes my prepared statement. I am ready for questions.

Senator INOUYE. Thank you, General.

[The statement follows:]

STATEMENT OF MAJ. GEN. JOHN J. CLOSNER

Mr. Chairman and members of the committee, thank you for giving me the opportunity to appear before this Subcommittee to share with you the current status of the Air Force Reserve and my views on a few of the challenges we face.

Our units are able to perform their wartime missions. In fiscal year 1990, we sustained improvements in the quality of our training to obtain the highest level of readiness in our history, with 99 of our units (excluding those in conversion) assessed as able to accomplish their wartime mission. We have proven the claim that Air Force Reserve units can be promptly mobilized. Since fiscal year 1985, we have increased our readiness assessment by 28 percent, up from the 71 percent of just six years ago. I emphasize with pride that the active Air Force measures Air Force Reserve capability using the same standards as Active units. The measurements were proven by recent events in the Persian Gulf. Our high readiness is the result of a continued team effort by the Congress, Office of Secretary of Defense, the Air Force, each Reservist and the employers of those Reservists.

OPERATION DESERT STORM

Our reservists responded without hesitation to defend our country's vital interests in the Persian Gulf. The Air Force Reserve played a significant role in Operation Desert Storm by providing over 23,000 combat and support personnel from 215 separate units, and we will continue to make a significant contribution during the redeployment and demobilization phases. Most Reservists reported for active duty within 24 hours, and all were present and prepared to deploy, or did deploy, within 72 hours of notification. With unsurpassed professionalism, our personnel flew tactical fighter, tactical airlift, strategic airlift, and aerial refueling missions, as well as providing medical support, aeromedical evacuation, air base operation and ground defense, and special operations. Our forces were poised to assume additional responsibilities had that become necessary.

In the seven months from Iraq's invasion of Kuwait to the cease fire, Military Airlift Command gained Air Force Reservists moved 199,712 passengers and 408,054 tons of freight, 41 percent of air passengers and 76 percent of air cargo to the Gulf. Reserve tankers and crews, augmenting the Strategic Air Command, flew over 17,000 hours and transferred 74 million pounds (11 million gallons) of fuel to 6,267 receiving aircraft. The 2,690 Air Force Reserve aeromedical evacuation crew members, 60 percent of the total Air Force medivac capability, assisted in moving 3,861 patients in theater and an additional 6,112 patients to facilities in Europe. More than 5,000 mobilized Air Force Reserve medical specialists manned clinics, hospitals and aeromedical staging facilities in Europe, Southwest Asia, and the continental United States. Reservists are still performing vital functions in strategic and tactical airlift, air refueling, logistics and maintenance, security police, fire protection and crash rescue, aerial ports, and intelligence.

Between August 2nd and 25th, and prior to Presidential recall or mobilization, nearly 35 percent of Reserve flying personnel in strategic airlift and refueling units responded on a voluntary basis in support of Operation Desert Shield. Voluntary participation peaked in late August with 5,992 personnel, in all specialties, on active duty orders and offers to report from over 10,000 additional personnel. This clearly indicates the level of dedication, patriotism and professionalism found in the Air Force Reserve.

All three Air Force Reserve units equipped strategic airlift and all three tanker squadrons were mobilized for Desert Storm. For Associate units that provide aircrews only to operate active duty aircraft, 9 of 13 strategic airlift and one of three strategic tanker squadrons were mobilized. We also called upon five tactical airlift squadrons, and single A–10, HH–3, and AC–130 squadrons. Westover Air Force Base, MA, a Reserve-operated base, was activated as a stage for departing and returning airlifters, as were eight of nine strategic airlift maintenance organizations, nineteen aerial ports, 15 security police units, 21 civil engineering squadrons (fire fighters) and 32 air base support and services organizations. The majority of medical units in the Air Force Reserve contributed some or all of its personnel.

Reserve unit personnel were the major source of the overseas aeromedical evacuation mission, providing aeromedical evacuation crews, ground communication and support, and aeromedical patient staging facilities. This mission moved patients within theater and to Europe. Other unit personnel supported Air Transportable Hospitals and Contingency Hospitals in Europe and the Persian Gulf.

Also in the medical arena, unit personnel, Individual Mobilization Augmentees (IMAs), Individual Ready Reserve and retired personnel provided backfill to all US Air Force Commands supporting Desert Storm. This backfill was needed to ensure patient services are maintained at a safe, operational level.

Operation Desert Storm confirmed our assumptions regarding the use of Reserve forces. Our decision to train units to full wartime readiness has proven correct and allowed us to quickly recall and deploy forces that are indistinguishable from active duty units.

Desert Storm has provided a clearer view of the future kinds of contingencies the military may be called upon to support. As a result of the Presidential 673b call-up, several legal and personnel issues concerning volunteerism and recall surfaced. A review of the authority available is warranted to provide a solid foundation for future planning.

It is too early to predict Desert Storm's long term impact on recruiting and retention. Because of the personal and financial hardships our Reservists are experiencing, we expect some increased attrition at the end of Desert Storm. However, our decisive victory may play a key role in retention and public receptiveness to Reserve service.

Air Force Reserve responsiveness in meeting Desert Storm tasking was a direct result of realistic training with first line equipment. Air Force Reserve units must continue to receive modern equipment and to train aggressively for wartime missions.

COUNTERNARCOTICS

We have aggressively responded to every tasking to support the National Drug Control Strategy. This support has taken many forms. First was air transportation. Law enforcement teams used our helicopters to travel to and from suspected drug activity locations and to transport prisoners from remote areas. We also used fixed wing strategic and tactical airlift to transport law enforcement teams and prisoners over long distances which included flights between the continental US and off-shore locations. The second area of support was detection of illegal drug activities using airborne sensor capabilities of some of our aircraft. Air Force Reservists provided a third area of support through technical training to law enforcement agencies. Last of all, we provided material storage and use of Reserve installations in temporarily housing prisoners.

The Air Force Reserve strongly supports all initiatives to provide support to civil law enforcement agencies and will continue to pursue every opportunity to participate in these activities to the extent allowed by law. Significant expansion of our activities within the continental US would require a change in the law allowing direct involvement in law enforcement activities.

TOTAL QUALITY MANAGEMENT

In fiscal year 1989, the Air Force Reserve began implementing Total Quality Management (TQM). We are convinced the quality approach will produce meaningful improvements and healthy cultural change for the Air Force Reserve.

One of our first quality directed actions was to study our organizational structure to streamline and eliminate non-value added activities. We found that Reserve Numbered Air Forces were no longer needed in their current configuration to effectively supervise subordinate organizations. By combining essential activities with our headquarters at Robins AFB, Georgia, we will eliminate an unnecessary layer and speed processes critical to our mission. Projected annual savings will be approximately $7 million.

Even in a less austere environment, Total Quality Management would indeed be an intelligent way to do business. However, with today's deficit reduction priorities, fundamental improvements using quality principles are essential for the Air Force Reserve to maintain our high degree of combat capability in spite of anticipated fiscal reductions.

TOTAL FORCE POLICY

Our level of readiness demonstrates Air Force success in implementing the Total Force Policy. A key factor in obtaining this readiness, in our opinion, is the fact that Air Force Reserve units are placed under the control of Reserve commanders. With this system, the gaining commands establish operational readiness standards for our units and validate that readiness through periodic inspections. Reserve personnel administer day-to-day activities to ensure the attainment of required standards. The Air Force Reserve performance in Just Cause and Desert Shield/Storm have demonstrated the effectiveness of this relationship. The system's only exception is in our Special Operations units. The legislation creating the US Special Operations Command gave them broader authority over assigned forces, including budgetary control. This authority has generally been interpreted to include peacetime operational command.

The management of our forces by Reservists is essential to maintaining our lofty readiness levels and in avoiding the creation of a "second-rate" Air Force Reserve.

PROGRAM CHANGES

The effect of the Base Closure Commission recommendations and subsequent DOD actions on our people is location dependent. The Air Force Reserve is working to minimize Reserve personnel turbulence and adverse impact on unit mission readiness. The bases where Air Force Reservists will be most prominently effected are Norton AFB and March AFB in the Los Angeles basin.

We will continue to address any base closings with the utmost sensitivity toward our people and mission. We do feel that, in most cases, keeping a Reserve unit at a base which is selected for closure, but will operate as a municipal airport, benefits the local community, generates good will for the Air Force, and preserves a valuable recruiting area for the Total Force.

WEAPON SYSTEM UPGRADES/REQUIREMENTS

Training and maintaining the highest wartime capable reserve force continues to be our number one goal. To achieve this, we strive to provide the newest, state-of-the-art equipment to our units. We must continue upgrading our aircraft while coordinating our efforts with the active Air Force, Air National Guard and our allies. We also work diligently to ensure our personnel are trained to fully exploit the capabilities of these weapon systems.

Continued Congressional support has contributed immensely in such achievements as the Air Force-wide upgrade and improvement of the F–100–220E engines soon to be placed in the AF Reserve's older F–16 aircraft. Funds appropriated for the Air Force Reserve have accelerated this high priority program.

Heavier involvement in fighting illegal drug traffickers and increased exposure to various hostile environments make aircraft defensive systems critical to the survival of crews and equipment. Equipment funds in prior years have allowed us to be the forerunners in an extremely important airlift defensive systems modification project. These funds also allow us to continue equipping our C–130 fleet of aircraft with AAR–47 missile warning receivers and ALE–40 chaff/flare dispensers. Future airlift defensive system plans for airlift aircraft include modifying a total of 180 Air Force Reserve C–130, C–141, and C–5 aircraft and expanding the system with a radar warning device.

In the fighter arena, we have received Electronic Counter Measures (ECM) pods for some of our aircraft. As a contributing member of the Total Force, it is critical that each Air Force Reserve fighter aircraft be equipped with state-of-the-art ECM equipment. Therefore, we will continue a concerted effort to provide our crews the protection needed for peacetime training and wartime survivability.

We are in a partnership with the Air National Guard to improve airlift simulator capabilities. We will bring a C–5A/B simulator on line at Westover AFB, MA in July 1992. Construction for the simulator enclosure is scheduled to start 15 April 1991. This simulator will provide full visual capability to train AF Reserve and Air National Guard crews from Westover AFB, MA and Stewart ANGB, NY. In addition, as part of the Regional Training Center Concept, we are seeking to expand our simulator training capabilities with C–130H2 and C–141B simulators. This capability is badly needed, since the Air Reserve Component operates the only C–130H2 aircraft in the Air Force inventory and our C–141 fleet will be increased in the near future.

Furthermore, the AF Reserve, Air National Guard and Tactical Air Command (TAC) are all currently involved in updating the F–16 Part Task Trainers (PTT), as part of the overall effort to modernize and improve the effectiveness of our in-unit aircrew training.

We have continued our modernization effort. The MH–60G helicopters Congress funded in FY 1989 and FY 1990 allow us to accelerate the conversion of our three air rescue units and our SOF helicopter unit. The authorization and appropriation of funds in fiscal year 1991 for four new C–130H aircraft to start the modernization of the 914th Tactical Airlift Group, Niagara Falls International Airport, NY. This group deployed to Southwest Asia in the early stages of Desert Shield and has shown itself worthy and deserving of the new airplanes.

In keeping with our mission to improve wartime and peacetime capabilities, we are pursuing a variety of modification and off-the-shelf equipment initiatives. One of these opportunities to pursue advanced technology involves projects which will enhance the AF Reserve's night operations capabilities. We believe that night warfighting capability will give our military the "upper hand" over our adversaries. To that end, under the auspices of a Joint Staff Working Group, we have worked diligently to procure night vision goggles and other devices for Reserve units deployed in Operation Desert Storm.

Another concern is the modernization of our Reserve F–16 aircraft fleet. Because our F–16s are the earliest models manufactured, they must be upgraded with the latest technology available in order for us to have a truly viable fighter capability to meet the anticipated threat of the 21st century. These upgrades are critical for us because Reserve forces are the only US operators of some F–16 models. While mid-life upgrades to the aircraft remain at the forefront of our endeavors, we are already working several F–16 fighter component improvements. These include replacing all unreliable defensive system Sequencer switches with Terma Sequencer switches, giving the pilot the capability to deploy chaff and flares without moving his hands from the stick and throttle, and integrating a Ring Laser Gyro (RLG) for more accurate and reliable navigation capability. We are pursuing the development of an expanded data cartridge for added memory and Digital Terrain System integration. This computer upgrade has numerous growth applications for passive terrain following, onboard electronic warfare (EW) training and recording, and in-depth debriefings.

Future A–10 aircraft upgrades include managing airframes so that all Air Force Reserve A–10s will be equipped with a modern radar warning system, the ALR–69, and the Low Altitude Safety and Targeting Enhancement (LASTE) Future efforts could include compatible night-vision-device lighting in the cockpit, integration of the Forward Looking Infrared Radar (FLIR) pod, and automatic target hardoff.

More than ever before, we are now faced with having to anticipate our force needs and plan smartly to meet the challenges of the future as a viable member of the Total Force. Despite the fact that the Air Force Reserve, Air National Guard and the active duty Air Force compete for resources in this constrained fiscal environment, the components' relationship has never been stronger or closer. In light of our ever changing world, continued improvements in combat capability will continue to ensure the viability of our weapon systems through the upcoming years.

PERSONNEL/MANPOWER

As the members of this committee are aware, the Air Force Reserve has experienced significant mission growth over the past decade and a half. You have made this possible by providing the end-strength authorizations and funding required to meet the associated wartime and contingency tasking responsibilities.

Today, Air Force Reserve pilot manning stands at 100%. Yet, we expect above average losses in the mid 1990s due to the retirement of the Vietnam era year group. This will expand our need to hire new pilots precisely when the active force is trying to retain theirs. To solve this dilemma, we have to build manning options that are responsive and flexible for meeting our pilot inventory requirements across a broad range of factors: age, skill levels, geographic locale, leadtime and cost. With our active counterparts, we will pursue creative ideas that can have a mutually beneficial effect on our pilot populations, such as pilot crossflow and new levels for reserve undergraduate pilot production, to name just a few. We will leave no stone unturned to ensure the Air Force Reserve continues to field a strong, combat ready force for the 21st century.

We would like to take this opportunity to thank you for the many benefits and entitlements approved for Reservists by the fiscal year 1991 National Defense Authorization Act. Specifically, in the area of monetary compensation such as the variable housing allowance for recalled Reservists and especially for the recent entitlements and benefits afforded to our "Gray Area" reservists. The increase in benefits to this category will provide a viable retirement benefit package that allows the retiree to continue to enjoy certain military benefits they had before transferring to the Retired Reserve and would maintain their sense of continuity with the Armed Forces.

Much of the progress we've made in recruiting and retention is owed to the benefits provided by the Montgomery GI Bill (MGIB). Nearly 10,000 of our currently assigned Air Force Reservists are participating or have participated in this program. Our members have expressed a great deal of interest in the expanded educational benefits that are now available. While it is too early to determine the full effect of the new program, it will improve recruiting and retention in our units. We appreciate the efforts made by the Congress in expanding the MGIB and other entitlement programs.

We are also appreciative of the new personnel benefits enacted in the 102nd Congress. Thin, support for our Desert Storm participants will never be forgotten.

Table I portrays our current FY 1991 end strength estimate and our requests for FY 1992 and FY 1993.

TABLE I.—AIR FORCE RESERVE END STRENGTH, FISCAL YEARS 1991–93

	Fiscal year—		
	1991	1992	1993
Selected Reserve	85,591	81,200	82,400
Drill	84,936	80,557	81,782
Full-time	655	643	618
Civilian	14,751	15,112	15,582
Technicians	10,316	10,343	10,357
Nontechnician	4,435	4,769	5,225

By Congressional direction, Air Force Selected Reserve end-strength consistently grew over the past 17 years. Total growth was approximately 65 percent between 1970 and 1990. We will be recruiting to an end strength of 81,200 in fiscal year 1992, down 4,391 from 1991. This downward trend may well continue. Our full-time work force of civilians, Air Reserve Technicians, regular Air Force assigned to the Air Force Reserve, and reservists on statutory tours of active duty finds itself increasingly stretched to meet the management requirements of our units, especially with regard to readiness. The size of the full-time force necessary to support the Air Force Reserve declined from 25 to 18 percent of the selected reserve during the 1970 to 1990 timeframe. As wartime requirements continue to grow, the size of the peacetime structure must continue to be supported.

APPROPRIATIONS

Appropriations for the Air Force Reserve (USAFR) finance operating expenses, personnel pay for civilians (including Air Reserve Technicians) and military members, and facility construction. Table II depicts our current FY 1991 estimate and budget requests for FY 1992 and FY 1993:

TABLE II.—TOTAL PROGRAM AMOUNTS, FISCAL YEARS 1991–93 BY APPROPRIATIONS

[In millions of dollars]

	Fiscal year—		
	1991	1992	1993
Reserve personnel, Air Force (RP,AF)	688.5	705.3	727.3
MilCon, USAFR	38.6	20.8	36.7
O&M, USAFR	1086.0	1075.4	1232.5
Reserve equipment, USAFR	154.6		
Total	1967.7	1801.5	1996.5

The Reserve Personnel, Air Force (RP,AF) appropriation finances the military personnel costs of the Air Force Reserve. It provides for pay and allowances to train our force during regular training, special tours of active duty, and while in school. Funds also support full-time Reservists, the Junior and Senior Reserve Officer Training Corps (ROTC), and the Armed Forces Health Professions Scholarship Program. This appropriation grows $16.8 million in FY 1992 and $22.0 million in FY 1993, but real program growth is negative (−1.2% FY 1992, −0.8% FY 1993).

Several requirements are a continuation of FY 1991 actions, conversion to F–16 aircraft from F–4 aircraft, expansion of Medical Readiness squadrons and the restructure of Aeromedical Evacuation squadrons to two Aeromedical groups (+$1,157,000). Modernization of weapons systems during FY 1992 include the conversions to MH–60G helicopters from HH–3E helicopters and to C–141B and KC–135R aircraft from C–130E aircraft. The Air Force will also establish the first C–17 Associate unit at Charleston AFB, SC (+$5,087,000). Due to budget constraints, the Air Force Reserve will experience a reduction of 4,098 end strength at a savings of $17,295,000. The reductions will take place in the Individual Mobilization Augmentee (IMA), civil engineering, Aerial Port and Numbered Air Force (NAF) programs.

Modernization of units continues during FY 1993 at C–141, C–17, OA–10, KC–135 and F–16 units (+$462,000). A Ground Combat Support unit will also be activated during FY 1993. In addition, we have annualized savings to the FY 1992 end strength reductions in the IMA, civil engineering, Aerial Port, and NAF programs of $8,739,000.

The Military Construction, Air Force Reserve (MILCON, USAFR) appropriation provides for acquisition, design construction, expansion, rehabilitation and conversion of facilities for the training and administration of the Air Force Reserve. The FY 1992 request totals $20.8 million. It includes $13.8 million for major construction projects in ten states, $2.2 million for minor construction, and $4.8 million in planning and design funds. This request represents a level 46 percent less than our 1991 appropriation, and 55 percent less than our 1990 appropriation. We understand the uncertainties of base closure options, force structure changes, and fiscal constraints that lead to this lower request, but we are concerned with the potential long term impacts on our readiness, training, and morale if this low level of funding were to continue.

The FY 1993 request of $36.7 million actually contains no major military construction projects in either "baseline" or "new mission" MILCON. The request contains $4.4 million for minor construction, $2.5 million for planning and design, and $ 29.8 million for Real Property Maintenance (RPM). The RPM is contained in the military construction account request this year.

Due to the Secretary of Defense's MILCON prohibition, no military construction projects have been awarded by the Air Force Reserve since January 1990. To date, no missions have failed due to lack of facility support, however, it remains to be seen what impact the construction prohibition might have on the cost of those projects that have been delayed.

The Operation and Maintenance Air Force Reserve (O&M, USAFR) appropriation finances the day-to-day operating expenses of Reserve units and supports the primary mission of the Air Force Reserve which is to develop, train, and maintain combat ready units and individuals required to augment the active forces during wartime and other emergencies. The major portion of this appropriation is for "must pay" requirements such as pay of civilian personnel and military technicians and aviation fuel and supplies which support the approved flying hour program. Also financed from this appropriation is the depot-level equipment maintenance program which has enhanced the serviceability of our aircraft and engines at a fraction of their original acquisition cost. Overall, this O&M appropriation has financed the accomplishment of our primary mission while conserving and improving our combat readiness.

FY 1992 increases in the O&M appropriation are primarily related to price growth (+$51.2 million); the annualization of FY 1991 F–16 tactical fighter conversions (+$12.7 million); conversion to KC–135R aircraft coupled with a manpower increase for KC–135 security (+$10.6 million); the activation of the first Air Force Reserve C–17 associate unit at Charleston AFB, SC (+$3.0 million); the conversion at Rickenbacker ANGB, OH to our second C–141 equipped unit (+$2.5 million); and the full year impact of the Air Force Reserve's assumption of the entire WC–130 weather reconnaissance mission, effective the third quarter of FY 1991 (+$1.9 million). Major FY 1992 program reductions included the annualized effect of the FY 1991 F–4 conversions to F–16 aircraft (−$24.5 million); the functional transfer of Special Operations Forces funding to a Defense Agency account(−$22.1 million); C–130 conversions during FY 1992 to KC–135 R and C–141 equipped aircraft (−$9.8 million); and the start of the elimination and consolidation of Air Force Reserve Numbered Air Forces (−$2.7 million).

O&M increases identified for FY 1993 include price growth (+$52.3 million); the transfer of Depot Level Reparables (DLRs) to the Stock Fund (+$98.8 million); the full year impact of the FY 1992 conversion to KC–135R aircraft plus a programmed change in FY 1993 to KC–135E aircraft (+$18.5 million); additional base operation support funding as the Air Force Reserve assumes responsibilities at locations affected by base closure actions (+$11.0 million); a tactical fighter conversion to F–16C/D aircraft (+$12.2 million); expansion at the C–141 equipped unit converted during FY 1992 and the third quarter FY 1993 conversion to our third C–141 unit (+$9.4 million); and the addition of five aircraft at the newly activated C–17 associate unit (+$2.4 million). These increases are partially offset by reductions in C–130 funding caused by the FY 1992 conversions to C–141 and KC–135 aircraft plus the FY 1993 conversion to the third C–141 unit (−$11.1 million); two A–10A unit conversions to F–16C/D and KC–135 aircraft (−$11.5 million); the FY 1993 impact of elimination and consolidating the Reserve Numbered Air Forces (−$3.9 million); and the Air Force Reserve Personnel Center (−$1.0 million). A final major change in FY 1993 is the transfer of O&M maintenance repair and minor construction funding to the Military Construction appropriation (−$29.8 million).

CONCLUSION

In summary, the combat readiness and war fighting capability of the Air Force Reserve are vital elements within the Total Force as proven in Operation Desert Shield/Storm. Modernization and readiness training continue to be our primary concerns as we strive to maximize our ability to defend this nation during a time of reduced defense spending.

We are pleased with what we accomplished in 1990 and are proud to be a part of the best Air Force in the world. We owe a special vote of thanks to the families and employers who support the men and women of the Air Force Reserve and make their achievements possible. We heartily acknowledge the combined efforts of the reservist, family, and civilian employer which enable us to provide our services to the Air Force and to our country. Without this teamwork, the absences from home and office, attendance at frequent training activities, and all-hour availability would be impossible to endure. Finally the superb support Congress has seen fit to provide to reservists, their families and employers is essential, reassuring, and gratifying. We remain confident this momentum will prevail in the 102nd Congress.

This concludes my prepared statement, Mr. Chairman. I am ready to respond to your questions.

MARINE CORPS RESERVES

STATEMENT OF MAJ. GEN. HOLLIS E. DAVISON, USMC, ASSISTANT DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, HEADQUARTERS, MARINE CORPS

Senator INOUYE. General Davison?

General DAVISON. Mr. Chairman, I have a written statement. With your permission, I would submit it for the record, sir.

This is my first appearance before your subcommittee, and I am very proud to be here to represent the Marine Corps and the Marine Corps Reserve, and to report to you on the performance as we carry out the total force policy recommendations.

[The statement follows:]

STATMENT OF MAJ. GEN. HOLLIS E. DAVISON

INTRODUCTION

Mr. Chairman, distinguished members of the Committee, it is a privilege to address you this year in my first annual report to you concerning the current posture and future programs of the Marine Corps Reserve and the successful mobilization of the Marine Corps Reserve in support of Operation Desert Storm. This is indeed an honor and a particularly meaningful occasion for me.

For the first time since the Korean War, Marine reservists from all corners of the nation have been mobilized to support our Active Forces. Under authority of Section 673b of Title 10, United States Code, the call-up of the Selected Marine Corps Reserve (SMCR) began last fall. The mobilization of most of the remainder of the SMCR and a significant portion of the Individual Ready Reserve (IRR) commenced in February under authority of Section 673 of Title 10, United States Code. In February under authority of Section 688 of Title 10, United States Code, the recall of part of the Retired Reserve and Fleet Marine Corps Reserve also started.

At the peak of our mobilization, 24,324 Marines from the SMCR and 6,262 Marines from the IRR had reported for duty after receiving orders to take their places alongside Marines from the Active Component. Marine Corps Reserve and Fleet Marine Corps Reserve retirees recalled to duty totalled 586.

Mobilization of the Ready Reserve included significant portions of the 4th Division-Wing Team (4th DWT); i.e., the 4th Marine Division, the 4th Marine Aircraft Wing and the 4th Force Service Support Group.

The call-up of the Marine Corps Reserve affirms the Commandant's Total Force concept. The ability to respond to several crises simultaneously while maintaining a worldwide presence would require a Marine Corps of three active Marine Expeditionary Forces (MEFs). While not required for initial crisis response, the Reserve component is necessary to provide a critical sustainment and reinforcement base for extended operations beyond 60 days.

Operational requirements of Operation Desert Storm saw just such a utilization unfold. Within eight days of the invasion of Kuwait, the first active duty Marine elements deployed to Southwest Asia. Mobilization of the SMCR commenced 60 days later on October 10, 1990.

The successful integration with the active component also validates the roles long anticipated for use of the Marine Corps Reserve within the Total Force. Two such roles were to selectively augment or reinforce the active force with SMCR units. In Southwest Asia with I MEF, in the Western Pacific with III MEF, and on many bases and stations here in the United States and abroad, the unit integrity of the mobilized reserve units was maintained concurrently while meeting operational requirements. Reserve units were deployed to augment Active forces or to reinforce Marine Air Ground Task Force (MAGTF) units needing additional combat capability to meet operational requirements.

Task organization is a way of life in the Marine Corps. Just as we task organize our MAGTFs in the Active Component to tailor combat power for the mission, so did we task organize and mobilize elements of the 4th DWT to augment and reinforce our Active Component for Operation Desert Storm. Examples, besides the deployment of combat units, include task organizing Reserve combat service support detachments to repair, maintain, and store equipment left behind by deploying active MAGTFs.

From our 4th Marine Division (4th MarDiv), we called up units and detachments from the three infantry regiments, the artillery regiment, and all separate battalions and companies; (e.g., two tank battalions, assault amphibious vehicle battalion, light armored infantry battalion, combat engineer battalion, communications battalion, the reconnaissance battalion, and force reconnaissance companies). The vast majority of battalions, batteries and companies that constitute the warfighting elements of these units and the Division were mobilized intact. A total of 16,005 Marines from the 4th MarDiv reported for duty before March 20, 1991.

From our 4th Marine Aircraft Wing (4th MAW), the call-up plan included portions of four Marine Aircraft Groups, the Marine Air Control Group and the Marine Wing Support Group. Many of these units were also mobilized intact for duty with the active component. A total of 3,471 Marines from the Wing were on active duty on March 20, 1991.

The Marine Wing Control Group provided units for air command and control, communications, and air defense including our light. anti-aircraft missile and low altitude air defense systems. The Marine Wing Support Group provided four Marine

Wing Support Squadrons and all the applicable support associated with the squadrons such as refuelers, engineers, crash/fire and rescue, military police and messing.

From the 4th Force Service Support Group (4th FSSG) as of March 20, 1991, a total of 4,020 Marines had reported for duty. The medical, dental, supply, maintenance, engineer support, motor transport and landing support battalions, as well as the headquarters and service battalion, were called up. The combat service support duties performed by these units include many functions such as bridging operations, bulk fuel transport, beach and port operations, and shore party support.

It was originally planned that the headquarters of the 4th MarDiv and the 4th FSSG would be moved to Marine Corps Base, Camp Lejeune, North Carolina, and the headquarters of the 4th MAW would be moved to Marine Corps Air Station, El Toro, California to form contingency forces. Due to the dramatic success of Operation Desert Storm, these moves will not be executed at this time.

The Total Force concept of employment of the SMCR is based on task organization to augment and reinforce the active component. We activated SMCR detachments in some cases that were specifically task organized to meet an augmentation or reinforcing mission. Although these detachments were not complete SMCR units, their use in this manner is consistent with the Total Force concept. Specific examples include Combat Service Support Detachments 40 and 41.

Individual Ready Reservists with critical military occupational specialty skills were also called to fill existing or projected specific billet vacancies. These Marines allow the Marine Corps to sustain itself to meet a variety of missions and contingencies during periods of prolonged deployment or conflict.

The infusion of reservists has also permitted us to reconstitute II MEF on the East Coast and form V MEF on the West Coast. These forces were created to provide ready MAGTFs for worldwide contingencies and unit or individual replacements in Southwest Asia.

In summary, the call-up represents 66 percent of the 4th DWT, 18 percent of the IRR and six percent of the Retired Reserve and Fleet Marine Corps Reserve. If needed to meet future operational requirements, the remaining qualified members of the Reserve Component would be assigned as units or individuals as required by the Marine Corps.

I am sure the members of the Committee and the American people share our pride in the performance and responsiveness of the unit and individual Reserve mobilizations for Operation Desert Storm. Our Marine reservists were well prepared and eager to be called. Hundreds of reservists have written and called to volunteer including a 71 year old retiree. Those not called have been disappointed.

The ability to respond in this superlative manner was rooted in the Marine Corps' focus on Total Force. The leadership, training, and resource management resident in the SMCR and SR, together with the active duty Marines and Reserve Marines in the Full-Time Support Program manning headquarters elements, and the Inspector-Instructor (I-I) staffs, made this superb Total Force performance possible. The fact that reservists are now serving capably in the roles envisioned for them is proof of their combat readiness.

Many of the reserve units augmenting or reinforcing our Marine Expeditionary Forces deployed only a matter of days following mobilization. As of March 20, 1991, 13,066 reservists were serving in the Kuwait Theater of Operations with I MEF; 3,003 with II MEF at Camp LeJeune, North Carolina and in Norway; 2,326 with III MEF in the Western Pacific; and 2,577 with V MEF at Camp Pendleton, California.

Of all the units and individuals mobilized, one regimental headquarters, four infantry battalions, one reinforced tank battalion, six artillery batteries, five aviation squadrons and numerous other units eventually saw combat with I MEF during Operation Desert Storm. The Marine Corps Reserve was assigned an array of missions. Those missions ranged from close air support for aviation forces to offensive operations for ground forces. The reservists were major participants and contributors throughout Operation Desert Storm. In a recent message to the Commandant, Lieutenant General W. E. Boomer, Commanding General I MEF, commented on the superb combat performance of the Marine Corps Reserve units by writing "Quite frankly, from the MEF perspective,we couldn't have done it without them."

It is obvious from the experiences we have gained from Operation Desert Storm that the Marine Corps Reserve plays a crucial role in the Total Force. Funding of the Marine Corps Reserve budget request will provide the resources necessary to fulfill all roles assigned to the Marine Corps Reserve within this Total Force.

The remainder of my remarks today provide more information on the current status of the Marine Corps Reserve and particularly on resources required to maintain its readiness to perform all assigned missions. This information is consistent with the assumptions and positions we have taken for the Marine Corps Reserve in the President's Budget.

MANPOWER

On September 30, 1990, the Marine Corps Reserve numbered 95,543 Marines. The Reserve is organized into four categories as provided by law; i.e., the Ready Reserve, the Standby Reserve, the Retired Reserve and the Fleet Marine Corps Reserve. Additional support is rendered by active duty personnel in support of the 4th DWT within the Ready Reserve, to include critical Navy and civilian employees of the Marine Corps.

READY RESERVE

The largest category of the Marine Corps Reserve is the Ready Reserve, consisting of the Selected Marine Corps Reserve (SMCR) and the Individual Ready Reserve (IRR). As demonstrated by Reserve employment during Operation Desert Storm, the Ready Reserve is the most likely Reserve category for early activation in case of war or national emergency.

SELECTED MARINE CORPS RESERVE

The SMCR consists of the 4th DWT, the Individual Mobilization Augmentee (IMA) program and the Full-Time Support (FTS) program. The 4th DWT comprises the bulk of the SMCR. The overall ground and aviation structure of the 4th DWT is designed to parallel that of the active component and is organized specifically to anticipate mobilization roles. The 4th DWT, when fully mobilized, represents about 25 percent of the Marine Corps' combat power available to Fleet Marine Force commanders. At the beginning of this FY there were 37,609 drilling reservists assigned to the 4th DWT.

Our IMAs are drilling reservists who are members of the SMCR but not members of the 4th DWT. These Marines are pre-assigned to mobilization billets which require them to report within 24 hours of notification. A significant portion of Marines in this program are assigned to the 47 Marine Corps Mobilization Stations located throughout the country. During FY 1990, these stations completed the routine annual screening of 11,985 members of the SR representing 95 percent of those ordered to be screened. This training was critical since these were the same stations responsible for the initial reception, processing,and further transfer to stations of initial assignment of the Individual Ready Reservists mobilized for Operation Desert Storm. IMAs are also assigned to many key billets throughout the supporting establishment where they train side-by-side with their active counterparts at all bases, stations, and major headquarters.

At the beginning of FY 1991, the number of IMAs totalled 1,330. As of March 20, 1991, 871 of these reservists have been recalled to active duty to support Operation Desert Storm. Gaining commands represent almost all of the major bases and stations in the Marine Corps, U.S. Central Command, and the Fleet Marine Force headquarters for the Atlantic and Pacific fleets.

The third part of the SMCR are the men and women on active duty in the Full-Time Support (FTS) program to support our Reserve forces. Duties range from development of policy, administration and recruiting, to training and logistical support for our Reserve. FTS personnel are additional members of the staff on which they serve. The integration of reservists on active duty with their Active Component counterparts contributes significantly to keeping the Marine Corps Total Force up to date and in touch with all of its parts. This type of integration greatly enhances the Marine Corps' ability to look at issues from a complete Total Force perspective.

Our FY 1992 Reserve Personnel Marine Corps request of $326.9 million is intended to support an SMCR end strength of 40,900, a decrease of 3,000 Marines from FY 1991. This budget conforms with planned reductions in our Total Force end strength and will allow us to shape the Reserve component to meet validated Active Component requirements, while preserving our readiness and qualitative edge.

The Marine Corps Reserve proposed end strength reduction for FY 1992 is 3,000. This consists of 231 FTS personnel, 243 IMAs, 474 Non-Prior Service (NPS) accessions, and 2,052 SMCR structure spaces.

The majority of the SMCR reductions will come in the area of aviation. These planned reductions are the result of cutbacks within the active duty structure, which encompasses approximately 30 percent of the Reserve aviation unit's total structure, and the identified requirements for augmenting and reinforcing the active forces. The units being reduced are spread throughout the United States with possible reductions at Whidbey Island, WA, Willow Grove, PA, South Weymouth, MA, Alameda, CA, and Glenview, IL.

The prominent reductions in the 4th MarDiv come in the area of one tank battalion. This reduction is founded on the Marine Corps acquisition of M1A1 tanks. The exact locations of the remaining tank battalion are yet to be determined.

INDIVIDUAL READY RESERVE

At the start of FY 1991, the IR represented over 44 percent of the Ready Reserve. The IR is a pre-trained manpower pool of ready reservists who are not in the SMCR. Though not drilling, the SR is a valuable and experienced manpower asset. It consists of individuals who have served and have been trained previously in the active component or in the SMCR and have some period of obligated military service remaining, or individuals who have completed their military service obligation and are in the SR by choice. The SR is managed by our Marine Corps Reserve Support Center in Overland Park, Kansas. Strength estimates for the SR are 69,800 by FY 1992.

The importance of the SR as a source of manpower for augmenting the active component and as a combat replacement pool has been shown by Operation Desert Storm. Many of these Marines were assigned to various bases and stations throughout the Corps to assist with base operations, training, maintenance and other critical needs to support our deployed forces. Marines from the IRR are also performing important and sensitive assignments in family and casualty assistance services.

STANDBY RESERVE

The Standby Reserve is that part of the Marine Corps Reserve consisting of reservists who may be ordered involuntarily to active duty only in time of war or national emergency as declared by Congress or when otherwise authorized by law. It is composed of an active status list and an inactive status list. These Marines may be called only when there are not enough qualified members in the Ready Reserve in a specific skill category to fulfill requirements. Our estimated Standby Reserve end strength for FY 1992 is 1,400 Marines, the same as during FY 1991. We did not involuntarily mobilize members of the Standby Reserve for Operation Desert Storm.

RETIRED RESERVE

Members of the Retired Reserve are those reservists who have transferred to the retired list pursuant to Federal law having completed 20 qualifying years of creditable service for retirement pay. We currently have approximately 4,200 Marines in the Retired Reserve. We do not expect a substantial increase in this population during FY 1992.

FLEET MARINE CORPS RESERVE

The Fleet Marine Corps Reserve consists of enlisted members of the Marine Corps or Marine Corps Reserve who retire for reasons other than physical disability after completion of 20–30 years active service in the Armed Forces. We project that there will be 8,050 Marines in this category at the end of FY 1991.

ACTIVE DUTY SUPPORT

The number of active duty Marines in support of the 4th Division-Wing Team budgeted for FY 1991 totaled 4,908 Marine officers and enlisted personnel. These Marines are primarily assigned to I-I staffs and 4th MAW units. They also serve on the headquarters staffs of the 4th Marine Division, Wing and FSSG. The number of active Marines supporting our Reserve component is a major reason for the Marine Corps Total Force mobilization success. Support to our Reserve Component is approximately 66 percent Active Component, 30 percent Reserve Component on active duty and four percent civilian. Active duty Marines in support of the Reserve constitute about 2.5 percent of the total active duty end strength.

Following activation of the SMCR, we left in place the vast majority of the active duty Marines assigned to our I-I staffs to continue performing necessary maintenance, service support and local service duties. Only 89 of these Marines, or less than five percent, were reassigned to fill reserve unit billets vacant at the time of mobilization. Almost 100 percent of leadership billets were filled by reservists. This limited use of the I-I personnel to augment activated Reserve units is further evidence of Reserve readiness.

Since the active duty Marines assigned to 4th MAW billets are on the Reserve unit tables of organization, these Marines deployed with their Reserve unit.

U.S. NAVY SUPPORT

The U.S. Navy furnishes the 4th MAW with aircraft, air operations and maintenance funding, and the 4th DWT with medical, dental, religious, and Naval Gunfire Liaison Officer (NGLO) support. This support is similar to the support provided to our active duty Navy-Marine Corps team.

At the beginning of FY 1991, there were 1,886 medical officer and corpsman Selected Reserve billets established to support the Marine Corps Reserve. Additionally, there are 79 dentist and 150 dental technician billets in the 4th Dental Battalion, 4th FSSG. The 4th DWT is further supported by 339 Reserve chaplain and religious program specialist billets and 30 NGLOs. Active duty Navy corpsmen also serve with our I-I staffs and with 4th MAW units.

The Naval Reserve officers and enlisted personnel filling Reserve billets ordinarily train side-by-side with their assigned Reserve units both on drill weekends and during annual training. I can unequivocally state that the mission of the Marine Corps Reserve could not be executed without the cooperation and direct support of these Navy officers and enlisted personnel. Over 1400 of these Navy Reserve personnel were activated for Operation Desert Storm. Approximately 640 were deployed to Southwest Asia.

The Navy Reserve has requested $22.2 million for FY 1992 personnel support for the Marine Corps Reserve. We enthusiastically endorse this request. This funding will enable the Navy to provide the support necessary for us to maintain the level of readiness that this Committee and the American people expect of the Marine Corps Reserve.

CIVILIAN SUPPORT

We are requesting 286 civilian billets for FY 1992 in direct support of the Marine Corps Reserve which equates to a reduction of 97 positions from FY 1991. Ninety-one of these positions have been transferred to the Defense Finance and Accounting Service due to the consolidation of financial support services provided by the Defense Business Operations Fund. The positions we are requesting are in administration, data processing, and personnel management and are located at the major Reserve headquarters sites. These civilians perform the same functions for the Marine Corps Reserve that are accomplished for the active component on our bases and stations.

RECRUITING

Our prior service (PS) and non-prior service (NPS) recruiting programs continue to provide high quality men and women needed to meet manning requirements of the SMCR. The majority of PS recruiting is performed by reservists working under our Full-Time Support program. NPS recruiting is accomplished by the active duty Recruiting Service in the same manner this mission is accomplished for our active component. This Total Force approach to NPS recruiting ensures the same quality exists in both our Active and Reserve components. The SMCR consists of approximately 67 percent NPS and 33 percent PS reservists.

During FY 1990, we recruited 7,818 NPS Reserve Marines representing 100 percent of our goal for the year. The quality of these recruits is reflected in their overall profile. Tier 1 high school graduates comprised 97 percent of the NPS accessions, with 79 percent scoring in the upper mental group categories of I–IIIA on the Armed Forces Qualification Test (AFQT). Less than 0.1 percent scored in the mental group category IV on this same test. The average NPS Reserve accession was from AFQT mental group category II with a score of 110. Approximately 21 percent of these accessions were certified college students. This profile is similar to that of our NPS accessions during FY 1989.

We also recruited 4,696 PS Marines for the SMCR during FY 1990. This represented over 100 percent of our goal for the year.

Our requirements for FYs 1991 and 1992 are 7,400 and 6,600 NPS recruits, and 4,388 and 4,025 PS accessions, respectively. Fewer Marines are required in each category because of the decrease in budgeted end strength beginning with FY 1992 for the SMCR and factors related to improved retention of the Reserve Marines currently serving. These factors include innovative, stimulating training opportunities and incentives inherent in Reserve participation, among them various base and commissary privileges and the Montgomery G.I. Bill for educational assistance. It remains to be seen what impact the mobilization under Operation Desert Storm will have on our recruiting effort in the remainder of FY 1991 and beyond. All we can say at this point is we are ahead of last year.

TRAINING AND READINESS

For the past few years my predecessors have described to this Committee in detail the intensive and aggressive training program developed for the 4th DWT. They indicated priority was placed on warfighting skills and participation in Total Force exercises. They pointed out that although the Reserve component does not have the same amount of time to train as the Active component, the realistic and meaningful training provided does ensure a combat capable force upon mobilization.

Our NPS enlisted Marine reservists participate in the same Marine Battle Skills Training as the active component. This training involves Basic Warrior Training conducted during boot camp and subsequent Marine Combat Training conducted at the Schools of Infantry. Additionally, all Marines, Active or Reserve, attend the same full length formal schools to obtain their military occupational specialty (MOS) qualification after completing Marine Combat Training.

My predecessors discussed our policy to recruit PS Marines for specific unit openings and military occupational specialties. Marines leaving active duty who do not have an MOS compatible with the Reserve unit in their local area are offered the opportunity to obtain a compatible MOS through formal school, vocational/technical training, or On-the-Job Training (OJT).

We have an SMCR where all of our NPS recruits and officers receive the same initial training as our active component. Nearly all of the officers in the SMCR have more than three years active duty: 93 percent as officers and the vast majority of the remaining seven percent as enlisted Marines. Our PS Marines recruited for SMCR units bring with them current FMF experience that further enhances unit readiness.

My predecessors further stressed the importance of the multi-unit exercises held each year in conjunction with the active component as a means to enhance warfighting skills in areas such as command and control, night fighting, and fire support planning and coordination. Specific mention was made of the overseas exercises and the combined arms exercises held at the Marine Corps Air Ground Combat Center, Twentynine Palms, California. These types of realistic training opportunities significantly aid in recruiting and retention of our Marine Corps Reservist.

Other training highlighted previously for the Committee included aggressive use of training simulators to enhance individual and collective training such as the Indoor Simulated Marksmanship Trainer (ISMT), the tank trainer, and the 25mm gunnery trainer for our light armored vehicles. Also discussed was the Commandant's vigorous Professional Military Education program, the Reserve Counterpart Training program, and the Exercise Support program.

Any discussion of our training must include several programs we have developed over the years to measure our readiness. We believe the importance we have placed in these programs has contributed substantially to the success we observed during the mobilization of the SMCR for Operation Desert Storm. Essentially, these programs tell us what we are doing right as well as identify areas for corrective action.

For example, we knew our units were prepared for Operation Desert Storm because the results of our evaluations under the Marine Corps Combat Readiness and Evaluation System consistently indicated a status of operationally ready. These evaluations are conducted using realistic scenarios and the same grading criteria and performance standards as the active component.

We also knew our units were administratively and logistically ready for mobilization. During FY 1990 we evaluated 122 units within the 4th DWT under our Mobilization Operational Readiness Deployment Test. All but seven units were found substantially ready or fully ready on the initial evaluation. Corrective action was taken in units not passing the first test. These units were subsequently retested and found capable.

Finally, the 4th DWT is regularly assessed with the same criteria as the active component concerning compliance with accounting and equipment maintenance procedures. Based on results of assistance visits, we knew our units were exercising the same level of sound supply accounting practices and maintenance procedures as the active component.

We will continue all of these training policies and programs following the release of our reservists from active duty after the completion of their Operation Desert Storm mission. It is this type of aggressive training that allows the Marine Corps to mobilize and deploy Reserve combat units as part of the Total Force with minimal pre-deployment training. The level of readiness attained prior to mobilization and the results we have observed and enjoyed following mobilization, involving both the SMCR and the IRR, confirm the value and quality of our training and the accuracy of our inspection results. The additional training and combat experience gained during Operation Desert Storm will serve to heighten our readiness and provide a better basis for future mission-oriented training.

The deployment of such a large part of the Total Force Marine Corps in Operation Desert Storm has necessitated that the Reserve Component assume some Active Component missions. Activated Marine Corps Reserve units as part of the 2d Marine Expeditionary Brigade, commanded by a Reserve Brigadier General, represent nearly all of the Marine forces participating in Exercise Battle Griffin 1991, a major Northern NATO exercise. Reserve units will provide significant forces to participate in other major exercises such as Team Spirit, Solid Shield, and LOGEX-91.

In addition, under authority of the National Defense Authorization Act of 1989, the 4th DWT has assumed the I Marine Expeditionary Force mission to support Joint Task Force 6 in its efforts to stem the flow of drugs across the Southwest U.S. border. This mission includes aerial observation, manning radar sites, plus listening and observation posts, training U.S. Border Patrol agents in reconnaissance and ground maneuver techniques, and installation and management of personnel sensing intrusion devices (ground sensor strings). We anticipate Reserve Forces will continue to participate in counternarcotics operations for as long as this mission is assigned to the Marine Corps.

STRUCTURE

The structural composition of units within the 4th DWT closely parallels that of the active component. Similarity of the Reserve and Active forces greatly improves and simplifies the process of integrating Reserve units with active duty units upon mobilization. Similarity of structure at appropriate levels also enhances readiness and helps to minimize training costs. Remembering that MAGTFs are task organized, the structural similarity between our Active and Reserve Components lends itself to the successful Total Force deployment demonstrated in Operation Desert Storm.

Structural changes to support our warfighting initiatives during FY 1991 are few. Transitioning of the 4th Light Anti-Air Missile Battalion and VMA-142 will cause organizational and equipment changes but net structure to the 4th MAW will essentially be unaffected. Our decision to convert the Weapons Company of the 4th Light Armored Vehicle Battalion to a fourth line company of the 4th Light Armored Infantry Battalion will have little effect on the 4th MarDiv structure. The anti-tank variance capability of the Weapons Company was dispersed throughout the battalion.

EQUIPMENT

The policy guiding the acquisition of equipment for the Marine Corps Reserve seeks to achieve benefits from the single acquisition and horizontal integration of commodities in consonance with the Active Component. The achievement of these benefits is considered paramount to maintaining the ongoing modernization of the Reserve Force and interoperability of the Total Force from an operational, training, and maintenance perspective. Congressional support of the National Guard and Reserve Equipment Appropriation is appreciated.

AVIATION

During FY 1991, Reserve aviation procurement included acquisition of two KC-130T aircraft. These aircraft were funded from the National Guard and Reserve Equipment Appropriation. With these aircraft we now have 18 KC-130Ts in service. Funding for four additional aircraft has also been approved. Two of these aircraft are under construction and contract negotiations are underway for the other two.

We are in the process of procuring the AH-1W attack helicopter for the Reserve forces. The AH-1W is our premier attack helicopter. The existing Reserve AH-1Js cannot be modified to achieve the capability of the AH-1W. Fourteen AN-1Ws have been appropriated and authorized. Contract negotiations and follow-on construction are expected to begin soon. Once received, the additional AH-1W capacity will truly improve our Reserve combined arms capability.

A number of modernization initiatives are underway this FY. Our 4th Light Anti-Air Missile Battalion has begun transitioning to the new and improved phase three Hawk missile system and VMA-142 is transitioning from A-4Ms to F/A-18As. VMO-4 at Naval Air Station, Atlanta, Georgia is transitioning from the OV-10A to the OV-10D. First aircraft delivery is scheduled for February 1991. Efforts have also commenced to transition our EA-6As at Naval Air Station, Whidbey Island, Washington to the EA-6B.

We need continued Congressional support to complete procurement requirements for both the KC-130T aircraft and AH-1W helicopters, and modernization plans to transition a squadron of F-4s to F/A-18As. We also request your support for the FY 1992 Operation and Maintenance, Naval Reserve budget that funds the flight hour program which, in the Reserve, is based on the minimum number of hours required to maintain pilot proficiency. Funds from this program are critical if our Reserve pilots are to remain tactically proficient to meet Total Force requirements.

Finally, I should mention the Marine Corps Reserve continues to operate below its inventory requirement of medium lift helicopters. The CH-46s were procured in large quantities over 20 years ago, and we will confront a significant block obsolescence problem later this decade. Most importantly, modern combat environments push the CH-46 to its operating limits. The need for a medium assault lift capability to replace the CH-46 is essential for the Total Force Marine Corps.

GROUND

Our FY 1991 Procurement, Marine Corps budget in support of the Reserve enabled us to continue the Assault Amphibious Vehicle Product Improvement Project program, and to purchase the MK-19 40mm machine gun. This budget will allow us to complete the modernization of our vehicle mounted radios and equipment and the procurement of the shelters started in FY 1990. The budget will also permit continuation of the topographic and survey equipment purchase initiated in FY 1991. In addition, it provides for buying spares and repair parts. The budget, however, does not address requirements to replace lost or damaged equipment owned by the SMCR in support of Operation Desert Storm. Following completion of our mission and demobilization of the Reserve, the full capability of the 4th DWT must be reconstituted at historic levels to ensure sustainability of our forces for the next crisis.

FACILITIES

The 4th DWT occupies 167 ground and 26 aviation sites dispersed geographically over 46 States, the District of Columbia and Puerto Rico, when not mobilized. These sites contain training facilities, and space for equipment storage, maintenance, logistical and administrative support. The Marine Corps Reserve owns facilities at 20 of these sites and manages 34. The remaining sites are occupied jointly with Reserve components from the Navy, Army National Guard or Air Guard, or collocated with other Marine Corps active duty units. Eight Marine Corps Reserve units are tenants aboard Marine Corps bases and Marine Corps air stations.

The Marine Corps receives a portion of its Naval support from the Military Construction Naval Reserve program for the construction of Marine Corps Reserve projects. For FY 1992, two major projects are budgeted at a cost of $4.8 million. The projects include a new Reserve center at Puerto Rico and a logistical support facility at Naval Air Station, Memphis, Tennessee.

CONCLUSION

The Marine Corps Reserve has proven itself during Operation Desert Storm as an indispensable element of the Total Force. The mobilization of the Marine Corps Reserve to fulfill its mission to selectively augment or reinforce our active component has contributed significantly to the national defense in this time of crisis.

In its augmentation role, many Reserve units were called to deploy with Active forces not operating at full strength. In its reinforcing role, SMCR units are deployed to provide additional combat capability to Fleet Marine Force commanders. Many individuals with critical military occupational specialty skills were also called to fill specific billet vacancies or as combat replacements. Regardless of the specific mobilization role or assignment, the integration of highly motivated and dedicated reservists is the critical element that makes the Total Force concept work. The Marine Corps, America's force in readiness, is truly a Total Force made up of Active and Reserve personnel performing in a way only Marines can. We look to the Congress to continue its support of the Total Force Marine Corps.

TOTAL SUPPORT OF THE MARINE CORPS RESERVE

[In millions of dollars]

Marine Corps appropriations	Fiscal year—			
	1990	1991	1992	1993
Reserve Personnel, Marine Corps (RPMC)	314.4	337.4	326.9	329.8
Military Personnel, Marine Corps (MPMC)[1]	154.3	151.6	139.8	132.5
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	78.4	84.8	75.9	75.4
Procurement Marine Corps (PMC)	40.9	45.6	33.8	19.9
Operation and Maintenance, Marine Corps (O&MMC)[2]	2.9	3.0	3.2	3.2
Total Marine Corps	591.4	622.4	579.6	560.8
Operation and Maintenance, Naval Reserve (O&MNR)[3]	60.8	56.3	64.6	62.0
Reserve Personnel Navy, (RPN)[4]	12.3	13.5	22.2	22.8
Military Construction, Naval Reserve (MCNR)	16.3	8.9	5.0	3.2
National Guard Reserve, Equipment, Defense Appropriation (NGREA)	118.6	160.0	....	....
Total Navy/other support	208.0	238.7	91.8	88.0
Total support of USMCR	799.4	861.1	671.4	648.8

[1] Inspector-Instructor, Active duty support.

[2] HQMC civilian personnel.

[3] Flight Hours.

[4] Physicians, dentists, chaplains, nurses.

LESSONS LEARNED

Senator **INOUYE**. I think all of you can be very proud in representing the Reserves. Before proceeding, I have been advised that we have a group of students from St. Edwards School in Oxford, England, and on behalf of the subcommittee I would welcome you all.

Mr. Secretary, I have two questions that I have been wanting to ask at the outset, but I thought I would wait until the end.

Every member of the Senate panel and most of the members of the DOD panel have used the words, "lessons learned." It is becoming a very common phrase on Capitol Hill—lessons learned in Desert Shield/Desert Storm. These lessons have not been fully identified, nor have they been assessed or analyzed. In fact, as you have indicated, the Secretary is waiting for the initial report on the lessons learned.

The plan we have before us was adopted before the shooting started in Desert Storm, before we were aware of the problems that Saddam Hussein posed for us, and as a result of this operation all services had to involve themselves in a sudden buildup, and now even before we have looked into the lessons learned we are calling upon all services to keep in step with a plan that was adopted before Desert Storm.

Do you think that it would make good sense if we slowed down the process—instead of 5 years, extending this to 6 years?

Mr. **DUNCAN**. Let me answer the question, Mr. Chairman, by putting in perspective how we went about our planning for the budget that is now before the Congress.

Of course, work started early in the year and proceeded all through the year, but when the invasion took place on August 2, we were still right in the middle of deciding and being prepared to recommend to the President the kind of force structure, for example, that we would have over the life of the budget.

We continue to debate that within the Department, taking into account in August and September and October and November, taking into account the conflict that we were then engaged in, and constantly asking ourselves, how does this proposed budget compare to the world as we see it after Saddam Hussein?

We have concluded, and the Secretary has made it clear, we are going to be reassessing our position as we study the lessons that we learned from the conflict we have just ended, but we are still satisfied that the overall military strategy that was laid forth—and the outlines of which were laid forth by the President on August 2 in a speech at Aspen, CO, still is a military strategy that makes sense, that is a good strategy for the post-cold war world.

We still believe that the force structure and the reductions that we laid out in the summer and the fall, even as we were engaged in the conflict, still are achievable. That is not to say it is going to be easy, but we have very little flexibility in the way of budgetary limitations, and it is clear that we need a force structure that meets the needs of the next decade and not the needs of the last decade.

So this is our best judgment, and our best judgment is that we can still accomplish it.

Senator INOUYE. Well, I am quite concerned with what is happening out there. Although the cease-fire may be put into effect, we still have the Kurdish problem and we have no idea how it will resolve itself. We have no idea as to whether this operation has brought about the peace and stability that we were seeking. I, for one, am quite concerned and I am prepared to, if the administration supports it, to convince my colleagues to extend the 5-year plan to 6 years.

The precipitous cuts that the services would have to go through, I think, may have an effect upon readiness and upon morale, as such. I do not want to ask any of the individual chiefs here, because they are bound by their commanders, but I would hope that they would look into that very seriously.

MILITARY AWARDS

Mr. DUNCAN. I assure you we will, Mr. Chairman.

Senator INOUYE. In a way, the other question I have is on the operation itself. This war very likely is the most publicized war that we have ever involved ourselves in. We have never had 24-hour real-time coverage as we had in this war. CNN was on for 24 hours each day, and we covered every aspect of this war from the problems of both parents going into the service, social problems, and economic problems. You name it, we covered it.

However, in all of the articles I have read, all of the reports I have seen, and all of the coverage on television, I have yet to see a presentation of a medal or decoration. And that is almost commonplace in other wars to have the President of the United States make a presentation or some general presenting, even a Purple Heart, but I have not seen that. Are we going to be giving out decorations, or unit citations, or battle ribbons, Purple Hearts, or Silver

Stars, or DSC's, or Naval Crosses? When are we going to make those presentations?

Mr. DUNCAN. Well, let me answer in several ways, Mr. Chairman. First of all, there have been some ceremonies. Just one comes to mind recently, where the Army Chief of Staff was out, I believe at Walter Reed, presenting Purple Hearts and medals. There had been several award presentations. Maybe the award presentations have not received the same kind of publicity as some of the smart weapons; I do not know. But they have been taking place.

Second, of course, there has been authority just recently announced for the National Defense Service Medal and also for a new campaign medal for the Southwest Asia Medal, and so those are in process. And then with each of the military services, they are currently in the process of not only evaluating, but also awarding medals based upon performance. And so that will continue for some time.

Let me suggest that perhaps part of it is the fact that we still have large numbers of forces over there, just as it took us several months to get those forces over there. So can we not bring them home overnight. And as the forces return home I am sure there will be more and more of those kinds of ceremonies

Senator INOUYE. Well, in World War II, with no high technology, 24 hours after being wounded they were passing out Purple Hearts. I think they had a whole supply at the hospital. I am sorry I did not see the coverage of the Chief of Staff making his presentation at Walter Reed. But I would think that these men would like to be able to show their comrades that they were there by little ribbons.

Mr. DUNCAN. Oh, yes, sir; we understand the importance of the recognition of what really was a remarkable achievement, believe me.

General WARD. Mr. Chairman, may I add one thing. I was talking to one of the brigade commanders, who had just returned, and I asked him basically the same question that you asked. He said that, indeed, a number of his key people, who had done some remarkable things, had already received Bronze Stars. They were awarded in theater, and fairly expeditiously. The last of them were issued just before the unit got on an airplane to come home. As a rule, most awards are being done in theater. I asked that brigade commander about the possibility of reenacting awards ceremonies for the families and home communities so they could share our pride in these oustanding soldiers. He said he was working on such a plan. In a way, I think, these men and women should be given some further personal recognition for what they have done.

Mr. DUNCAN. This really, Mr. Chairman, goes to the point that I think I made in the first hearing this morning about the last chapter of what I described as the book on Desert Storm. If they come home as heroes, we will not have those retention and recruiting problems that many people are anticipating. And so we will make an effort in that direction.

377TH TAACOM

Senator INOUYE. General Ward, I would like to ask you a question on the 377th Theater Army Area Command. I would like to know why this unit was not activated for managing the war's logistic operations. I ask this because I have been advised that this headquarters unit was organized and trained specifically to command all logistics operations in Southwest Asia.

General WARD. That is correct, Mr. Chairman. That is the unit's mission. There are a number of people in the Pentagon on the Army staff who recommended its activation and deployment, and this includes myself and the Forces Command Commander nevertheless. It was determined in theater that the organization that was created in theater, the theater Army command, supplemented by the 21st Support Command out of Indianapolis, IN, would be sufficient to take care of the theater logistics requirements.

This certainly raises an issue to be studied and determinations should be made about whether we should do this again and, if we could do it better, even though it was an extremely effective operation. Could it have been done more efficiently? I do not have an answer to that.

There are many people who would like to utilize the talents of the 377th. I can tell you that Lieutenant General Pagonis called the 377th commander about 10 days ago, and asked if he could be prepared, or have major elements of his command prepared, to assist in the retrograde element. The 377th commander assured General Pagonis that he was, indeed, fully prepared and organized to handle the retrograde mission. As soon as he received the definitive requirements from the theater through the chain of command, then he would be ready to proceed.

Senator INOUYE. Thank you.

LOGISTICS CRISIS ACTION TEAM

Admiral Taylor, we have been advised that the logistics crisis action team for the Deputy Chief of Naval Operations for Logistics was manned 24 hours per day entirely by reservists; is that correct?

Admiral TAYLOR. That is correct.

Senator INOUYE. Now, this unit, along with many others, proved themselves to be very invaluable to our war effort. Now, having assessed the success of the Reserves in logistic support roles, and given the matter of declining budgets, do you feel that there are other functions in Active Forces that can be turned over to the Reserves without impairing naval readiness?

Admiral TAYLOR. Well, Mr. Chairman, the Navy, on a routine basis, and at least once annually during the POM process, reviews our total force policy with regard to missions and where those missions should lie, whether they would be better in the Active side or the Reserve component. A number of issues go into those decisions, not the least of which are cost, and whether or not the function can be adequately maintained with the proper equipment, and whether or not the reservists could be properly trained and maintain that level of training.

I can tell you that, particularly for the upcoming program, that we are initiating in the Pentagon now—the Vice Chief of Naval Operations has directed all of the program sponsors and resource sponsors to review their individual Reserve programs to see if they are adequately funded and adequately staffed, and to look to see whether or not there are new functions that can be put into the Reserves, or maybe there are functions in the Reserves that should not be there.

So yes, I think probably in some areas we could probably accept those functions which are not required in peacetime, because that is really where you want your Reserve effort to lie, is to have in the peacetime those missions in the Reserves that you do not normally need, so that your active duty does not have to train for those missions. So we will be looking at that on a regular basis and with specific emphasis toward that.

Senator INOUYE. Admiral, when can we be advised of the findings of this report or study?

Admiral TAYLOR. Well, as we review, within Navy there is no intention of having a formal study published. In fact, if I led you to believe that, I apologize. This is the normal reevaluation of our program and how it is funded as we enter into the POM process, which eventually results in the budget coming to Congress.

Senator INOUYE. Thank you.

AIR RESERVE RETENTION AND RECRUITING

General Closner, I have received a couple of letters suggesting that the Air Reserves may have problems in retention and recruiting. Is there any validity to that?

General CLOSNER. I have to go back, Mr. Chairman, to what Secretary Duncan said, and that is the last chapter in the book. My feeling is that we are going to have some very interesting challenges in the strategic airlift and the medical areas. Those are two areas that the Air Force Reserve has been heavily involved in; 43 percent of the mobilized individuals who were medical—and we are thankful they were not used, but they also made significant sacrifices from their private practices.

The airlift business—strategic airlift is not something that is going to end tomorrow or the next day or the next month or the month after. This is probably going to go well toward the end of the fiscal year, perhaps even beyond. They are one group of reservists that will probably see a full year of mobilization.

We are very, very interested in trying to make the reconstitution and mobilization effort as fair as possible, and I have good input into that through the air staff. And I do see those are two areas where we are going to have some very significant challenges. I might add, though, on the supply and demand side of the business, if you are looking at just statistics, the drawdown of the Active Force is going to significantly put a large supply of resources out there. That does not mean that I am insensitive to the fact that we are going to lose very, very capable people.

Mr. DUNCAN. Mr. Chairman, could I add one comment that has not come up at any time this morning? One of the factors that will affect our retention and recruiting is going to be the reception in the civilian work place by the civilian employees as regards the reservists and guardsmen returning home. Based upon everything we have seen to date, we think it is going to be very, very positive.

Many of the employers have gone even beyond what the law requires to support them, but that will have an effect. And if it turns out to be as positive an effect as I think it will be, then maybe our retention and recruiting will not be as gloomy as some people predict. But it is an important factor, because we want to make sure that they return and that the employers recognize the job rights and protections of the people who have been sacrificing for their country all of these months.

ARMY RECRUITMENT

Senator **Inouye**. What about the Army?

General **Ward**. Sir, again, this is going to be the most important chapter in the book. We are going to have some problems in medical recruiting. I think we should face up to it. I visited, over the weekend, a unit—a general hospital from the west coast which was deployed in the theater. In fact, it was the hospital that contributed to—had operated on the ARCINC commander 3 days before the battle was joined. It is a fine hospital.

They had already had three doctors resign their commissions—all of them had more than 20 years' service—and one more on the way. They expect that may be the limit, but they are not sure yet. On balance, that unit's morale is very high. The doctors who are resigning did so purely on the basis of their economy.

Their economics were so badly damaged, and in a couple of cases filing for bankruptcy, that they figured that they did not have a second callup in 7 years, that they would have been in violation of Federal Bankruptcy Act and could not get relief twice. And we have had a number of those. I do not have a total number yet, but we are working on getting it. But it has been a significant number, and it is usually for the relatively not-brand-new doctor who has not yet established a practice, but one who has barely established a practice and growing, and has assumed a great deal of debt. We are looking at that and changes in the Soldiers and Sailors Civil Relief Act of 1940 as amended, and we hope that will make some impact on that. And the doctors involved are looking at that.

The losses in the nurses area did not seem quite as heavy, but there will be some. But it is driven almost totally by the tremendous negative economic impact on their lives and practice.

NAVY RESERVE RECRUITMENT AND RETENTION

Senator **Inouye**. Admiral.

Admiral **Taylor**. Mr. Chairman, I think it is too soon to say. We still have over 17,000 of our reservists still on active duty, and so we do not have an indication yet of any difficulties with regard to retention. If there was an area, I would have to agree with my compatriots that it would be in the medical field.

But I also have to echo Secretary Duncan's comments earlier. A great deal of whether or not the reservist decides to get out or stay if he is on the fence is going to be determined by how well he is, or she is, received at home.

In order to help the Navy on that, the Naval Reserve has initiated a new program. We call it Restar, for Reserve transition and recognition, and we are actively involved in meeting the reservists after they are demobilized, interviewing that reservist to see how things went during the mobilization and how can we make it better, being an interface between him and his family for their needs, utilizing family service centers and naval air stations and naval stations and similar organizations in the other services, and being a conduit for that family and that reservist for their needs where there are other organizations that can help such as the National Committee for Employers' Support of Guard and Reserve, and our Reserve associations.

And we are also ensuring that they receive the proper recognition through award ceremonies and are recognized by their cities and States. So we think that will ease the problem and certainly make them understand that they are appreciated. And we are hopeful that, with the exception of some isolated cases such as in medical, that our retention rate is going to be good.

MARINE CORPS RESERVE RETENTION AND RECRUITMENT

Senator INOUYE. How about the Marines?

General DAVISON. Mr. Chairman, while it is early to give a long-range assessment of what it might mean to us in the Marine Corps, the 31,172 reservists called will, by the middle of May, have about 40 percent of those demobilized. I will tell you that the structure for demobilization, we believe, is important. The transition counseling, the transition assistance management program kinds of things will be applied to our Reserves as they move off active duty.

The reports I do have back indicate there is a high spirit and morale in the units called, and they have largely been deployed; 91 percent of our Selective Marine Corps Reserves were assigned in the operating forces and were utilized. But 66 percent of them were deployed overseas from Japan, as well as to Saudi Arabia and Southwest Asia. We had a Marine expeditionary brigade that was actively going up to Norway to perform an exercise.

And so with those kinds of operational accomplishments, we believe that that spirit will carry over in the retention and for the long term. I would say on the recruiting side, though, coming into the Marine Corps Reserves, it is looking good in the short term. As of the end of March, we had exceeded our goal 101.9 percent. It had either been shipped for training or were in the delayed infantry pool for the fiscal year 1991, which is about three points ahead of last year.

Senator INOUYE. Well, I thank you very much, and I would like to thank all of you for patiently waiting and providing us with testimony. I would like to continue a bit longer, but we have other commitments at this hour. So if we may, I would like to submit to you written questions and ask for your response.

Mr. Secretary, you have been very patient, and I thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will now stand in recess until Thursday, April 11, at 9 a.m. At that time, we will receive testimony from the Air Force on the B–2 bomber.

[Whereupon, at 12:30 p.m., Tuesday, April 9, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, April 11.]

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